

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

ANNUAL REPORT

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TABLE OF FREQUENTLY USED ABBREVIATIONS

CAP	Customer Assistance Program
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EGS	Electric Generation Supplier
ILEC	Incumbent Local Exchange Carrier
LIHEAP	Low Income Home Energy Assistance Program
LIURP	Low Income Usage Reduction Program
LTIIP	Long Term Infrastructure Improvement Plan
NGDC	Natural Gas Distribution Company
PGC	Purchased Gas Cost
USECP	Universal Service and Energy Conservation Plan

INTRODUCTION

The Office of Consumer Advocate (OCA) has served Pennsylvania utility consumers since its establishment by the General Assembly in 1976. The OCA is a statutorily independent office, administratively included within the Office of Attorney General.

The OCA represents Pennsylvania utility consumers in matters before the Pennsylvania Public Utility Commission (PUC) and other state and federal regulatory agencies and courts. The OCA participates before the PUC in all major rate cases, most small rate cases, and many non-rate proceedings that have a significant impact on consumers. The OCA also participates in matters before the Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC) that have a substantial impact on Pennsylvania consumers. The OCA participates actively on policy-making committees of non-government organizations such as the PJM Regional Transmission Organization (RTO), whose decisions have a critical impact on electric prices and service in Pennsylvania. Through our consumer education outreach, website, social media posting presence and toll-free call center, the OCA also seeks to ensure that consumers are informed regarding changes in their utility service.

In recent years, the OCA has continued to work on proceedings resulting from major state and federal legislative changes impacting utility consumers, such as electric and natural gas restructuring, regulatory requirements for basic and advanced telecommunications services, and Act 11 of 2012's provisions for recovery of distribution infrastructure improvement costs outside of base rate cases, use of a fully projected future test year within base rate cases and the combination of water and wastewater revenue requirements. Stemming from Act 11, several additional Distribution System Improvement Charges (DSIC) were established, four utilities asked the Commission to waive the DSIC's statutory 5% cap, and numerous utilities filed plans to significantly increase the cost of infrastructure improvements. Several utilities filed rate filings including a fully projected future test year. During Fiscal Year 2016-2017, the OCA worked on cases that were a result of more recent legislative changes, such as the legislation addressing the consolidated tax savings adjustment (Act 40 of 2016), and changes to the valuation method for certain acquisitions of municipal water and wastewater systems (Act 12 of 2016).

The OCA serves as the voice of Pennsylvania utility consumers as the utility industries continue to evolve from a fully regulated to a partially regulated, partially competitive structure. The OCA has evolved as well to ensure that Pennsylvania consumers receive the benefits – and avoid the potential harms – that these industry changes bring about.

In the electric industry, the OCA has sought to ensure that customers continue to be protected through the development of stable, reasonably priced “default” service. Pursuant to Act 129 of 2008, the OCA continues to participate in all default service filings of electric distribution companies to ensure that those companies provide reliable default generation service to their customers at the least cost over time. The OCA also continues to be active in Act 129 proceedings to ensure that the energy efficiency, demand response, and advanced metering programs developed by Pennsylvania electric utilities provide the greatest benefit to consumers at the lowest reasonable cost. The OCA is also involved in the DSIC filings made pursuant to Act 11 of 2012 by electric distribution companies. During Fiscal Year 2016-2017, the OCA has been involved in distribution base rate proceedings filed by six electric distribution companies. Each company used a fully projected future test year under Act 11 and eliminated its historic consolidated tax adjustment under Act 40 of 2016. The OCA has also participated in proceedings addressing changes to the calculation of taxes in the DSIC as a result of Act 40. At the same time, through our website, social media presence (postings) and consumer outreach, OCA has been a leader in educating residential consumers on how to shop for competitive electric generation services if they choose to do so. Since much of the decision-making that affects Pennsylvania electric consumers occurs at the federal and regional level, the OCA has continued its expanded participation in key electric proceedings before the FERC and in the activities of the PJM Interconnection.

In the natural gas industry, the OCA continues to represent consumers across Pennsylvania in the annual PUC review of every major natural gas distribution company’s purchased gas costs. As in the electric industry, the OCA seeks to ensure that natural gas consumers continue to have access to the least cost “supplier of last resort” service from their regulated natural gas distribution company while also educating residential consumers about how to choose alternative natural gas suppliers. The OCA also is involved in the ongoing quarterly DSIC filings made pursuant to Act 11 of 2012 by natural gas companies and filings by four natural gas companies to increase the DSIC cap from 5% to 10%. During the Fiscal Year 2016-2017, the OCA has participated in three gas distribution company base rate cases and continued our work on natural gas main extensions and proposed abandonments of natural gas service to consumers. The OCA participates in proceedings at the FERC that involve the major interstate pipelines that serve Pennsylvania’s retail natural gas distribution companies.

In telecommunications, the OCA continues to focus on the goal of ensuring that Pennsylvania maintains and enhances the provision of reliable and affordable universal telephone service throughout the Commonwealth as well as access to broadband services. This has included efforts to maintain reasonable limits on basic telephone

rates, particularly in rural areas, and to expand the Lifeline telephone discount programs to low-income consumers who might otherwise not be able to afford service. The OCA also continues to monitor consumer complaints and inquiries regarding the availability of broadband in areas around the Commonwealth. At the federal level, the OCA works extensively with the National Association of State Utility Consumer Advocates to provide the consumers' perspective in proceedings before the Federal Communications Commission.

In the water and wastewater industries, the OCA continues to represent consumers in base rate increase cases involving large, medium and small companies, acquisitions, and other application proceedings, and mandatory takeover proceedings involving both large and small utilities. The OCA also continues to address requests from water and wastewater utilities of all sizes under Act 11 of 2012 that choose to use the fully projected future test year and the provisions of Act 11 that allow for combining the revenue requirements of water and wastewater subsidiaries within the same parent company. During Fiscal Year 2016-2017, the OCA participated in six base rate cases. In addition, the OCA participated in three application proceedings involving companies' acquisitions of municipal wastewater systems using fair market valuation under Act 12 of 2016. As water and wastewater infrastructure expand to meet the needs of Pennsylvania consumers for safe and adequate service, the OCA has expanded its own efforts to ensure that rates are maintained at reasonable and affordable levels. In addition, the OCA has taken part in service quality cases and an application case to ensure that consumers are receiving safe and adequate water and wastewater service, and has worked to extend public water service at a reasonable cost to unserved areas. The OCA also participated in two proceedings addressing water utilities' replacement of customer-owned service lines containing lead.

During the last Fiscal Year, in addition to its litigation activities, OCA participated on behalf of utility consumers in state and federal legislative and policy debates. The Office has been called on to present formal testimony in the Pennsylvania General Assembly regarding the recovery of natural gas distribution system extension costs and the deployment of broadband service in Pennsylvania.

The OCA also responds to individual utility consumer complaints and inquiries. The OCA maintains a toll-free calling number (800-684-6560). In addition, the OCA devotes substantial resources to educating consumers about changes in the utility industry. The Acting Consumer Advocate, Consumer Liaison, and other members of OCA staff have helped plan and participate in consumer presentations, roundtables, and forums across the Commonwealth to help educate consumers about changes in the utility industry and to advise them about cases that affect them. During Fiscal Year 2016-2017, the OCA participated in 69 consumer outreach events across Pennsylvania, many of which were

sponsored by members of the General Assembly. In addition, the OCA keeps consumers and members of the General Assembly informed through regular letters and bulletins about upcoming cases and public hearings. The OCA also provides consumer information and education through its website at www.oa.state.pa.us and its social media postings. Among the most popular items on the OCA website are the OCA's monthly shopping guides that provide "apples-to-apples" price comparisons for residential electric and natural gas customers who are looking for alternatives to their utility default service suppliers.

The OCA recognizes the importance of its role in advocating for the interests of Pennsylvania consumers and keeping consumers informed with respect to their utility services. The OCA looks forward to continuing to meet its growing challenges on behalf of Pennsylvania utility consumers. The OCA believes that it has served Pennsylvania consumers well both with respect to its traditional regulatory responsibilities, as well as in its role to assist consumers to obtain the benefits and avoid the pitfalls of the changing utility service markets.

ELECTRIC: UTILITY-SPECIFIC PUC PROCEEDINGS
Alphabetically by Utility Name

Blue Pilot Energy, LLC

Docket No. C-2014-2427655. On June 20, 2014, the Commonwealth of Pennsylvania and the OCA (collectively, Joint Complainants) filed a Joint Complaint asserting five separate counts and alleging that Blue Pilot Energy, LLC violated Pennsylvania law and Commission orders and regulations. The five separate counts in the Joint Complaint relate to: failure to provide accurate pricing information; prices nonconforming to disclosure statement; misleading and deceptive promises of saving; lack of good faith handling of complaints; and failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants requested that the Commission provide restitution to Respondent's customers, impose a civil penalty and order Blue Pilot to modify its practices and procedures, and revoke or suspend Respondent's Electric Generation Supplier (EGS) license, if warranted.

At hearings, the Joint Complainants presented the direct testimonies and exhibits of 83 consumer witnesses testifying to their experiences as Blue Pilot customers and by three expert witnesses. The testimony by the Joint Complainants' witnesses showed that Blue Pilot has engaged in a pattern of making false and misleading statements in its written advertising materials, Disclosure Statement, and in oral statements made by the Company's agents. It also showed the Company's lack of proper training, oversight and discipline of its sales agents.

In their Initial Decision, issued July 7, 2016, the ALJs found that Blue Pilot deceptively and misleadingly charged prices to its variable rate customers that neither conformed to the Disclosure Statement nor reflected marketed prices promising savings in violation of the Public Utility Code and the Commission's regulations and Orders. The ALJs ordered Blue Pilot to pay a civil penalty in the amount of \$2,554,000; to provide refunds to customers in the amount of \$2,508,449; and that Blue Pilot's license be permanently revoked and that no future electric generation supply license application from the owners, directors or managers of Blue Pilot shall be considered by the Commission. Since August 2016, the OCA's replies to Blue Pilot's Exceptions to the Initial Decision have been pending before the Commission.

Docket No. F-2015-2472890. Consumer Brenda Smith filed a Formal Complaint against Blue Pilot Energy, LLC and PPL Electric Utilities Corporation on March 16, 2015, appealing a Bureau of Consumer Services decision. In her Complaint, Ms. Smith asserted that Blue Pilot promised to shop around for the lowest rate possible, yet Blue Pilot charged her \$0.4490/kWh for three months in early 2014 even though PPL's price

was much lower. Ms. Smith also asserted that PPL charged late fees while she was on a payment plan, which made it difficult for her to pay down her back balance.

On August 22, 2017, the OCA intervened in Ms. Smith's Complaint proceeding to continue its representation of consumers alleging wrongdoing by Blue Pilot before the Commission and to ensure that Blue Pilot followed applicable requirements when it engaged in electric generation marketing and sales in Pennsylvania. Additionally, the OCA sought to ensure that PPL charged late fees in accordance with the law, Commission regulations and orders, and PPL's Tariff.

The OCA engaged in a number of settlement discussions with Ms. Smith and PPL. As a result, PPL filed a Certificate of Satisfaction on September 5, 2017, resolving Ms. Smith's allegations against PPL. In the Certificate of Satisfaction, PPL agreed to apply a credit to Ms. Smith in the amount of \$112.10 and to put Ms. Smith on a new, more affordable payment arrangement to pay off the undisputed portion of her balance. Additionally, PPL agreed that, within 45 days of a Commission decision on the issues remaining for litigation against Blue Pilot, the OCA, PPL, and Ms. Smith will discuss the establishment of a 36-month payment arrangement for Ms. Smith's arrearages.

The OCA assisted Ms. Smith in presenting testimony during the evidentiary hearing. The OCA intends to file a Brief in October 2017, supporting its positions regarding Ms. Smith's allegations against Blue Pilot.

Citizens' Electric Co. of Lewisburg, Pa.

Docket No. P-2017-2596815, Docket No. P-2017-2596838. On March 31, 2017, the Citizens' Electric Co. of Lewisburg, PA and Wellsboro Electric Co. filed a Joint Default Service Plan with the Commission seeking approval of the proposed Default Service Plan (DSP) for the period beginning June 1, 2018 and ending May 31, 2021. The OCA filed an Answer to the Petition on May 1, 2017 to ensure that a full review of the Companies' plan was conducted.

Upon review of the Companies' filing, the OCA submitted testimony and briefs opposing two aspects of the Petition. First, the OCA opposed the Companies' contingency procurement plan for residential customers that relied exclusively on spot market purchases. This issue was particularly relevant because the Companies' current default service procurement utilized a contingency for a full year after it failed to generate sufficient market participation. The OCA recommended that a contingency plan that did not rely on volatile spot market pricing should be approved.

The second issue raised by the OCA concerned Citizens' proposed 25-year purchase power agreement. While the Company presented the contract as a solar power

purchase, the contract did not contain the solar energy credits produced by the generator. As a result, the OCA opposed the agreement. At the end of Fiscal Year 2016-2017, the parties awaited Commission action on the Petition.

Docket No. R-2016-2531550. On August 31, 2016, Citizens' Electric Co. filed a tariff supplement proposing an overall distribution rate increase of \$592,000 per year, resulting in a bill increase of approximately 6.6% for residential customers (or, \$8.13/month). Also on August 31, Wellsboro Electric Co. filed a rate case at Docket No. R-2016-2531551 that was consolidated with the Citizens' rate case. Wellsboro proposed an overall distribution rate increase of \$1,000,000 per year. Wellsboro anticipates a total bill increase of about 11.85% (or \$10.25/month) for residential customers.

The OCA filed a Formal Complaint against the proposed increases of both companies on September 14, 2016 due to the potential financial impacts on residential customers. The OCA submitted testimony supporting lesser overall rate increases for both companies and more gradual movement of the companies' primary customer classes toward the average cost of service. The OCA's cost of service expert opposed the Companies' proposed increases of 62.5% (Citizens) and 53.8% (Wellsboro) to the residential, fixed customer charges that were 5.3 and 2.4 times the proposed system average increases, respectively, and included a demand-related component.

In February 2017, the parties submitted a proposed Settlement. The Settlement provided for an overall distribution base rate increase of \$355,000 for Citizens' and \$775,000 for Wellsboro. The revenue increases contained in the Settlement were approximately \$237,000 less than the \$592,000 rate increase amount originally requested by Citizens' and approximately \$225,000 less than the \$1,000,000 rate increase amount originally requested by Wellsboro. In addition, pursuant to the Settlement, the Companies would not file distribution base rate cases or seek approval for the implementation of Distribution System Improvement Charges for two years from the effective date of new rates.

The Settlement reduced the burden for residential customers by moving all classes toward the system average return. It also eliminated most of the residential customer charge increases, setting a rate of \$11.50, rather than \$13.00 for Citizens and \$10.92 rather than \$15 for Wellsboro. Recovering the remaining revenue through volumetric charges allows customers greater control over the amount of their bill and sends the appropriate signals to customers regarding energy conservation.

A Decision was issued in March 2017, which recommended approval of the Settlement. On April 6, 2017, the PUC entered an Order approving the Settlement without modification.

Duquesne Light Co.

Docket No. M-2016-2534323. On March 16, 2016, Duquesne filed its Universal Service and Energy Conservation Plan (USECP) for the years 2017 through 2019, in accordance with the Commission's regulations at 52 Pa. Code § 54.74(a), relating to electric universal service and energy conservation requirements. On August 11, 2016, the Commission entered its Tentative Order on the Plan which requested clarifications from the Company and comments from interested parties.

The OCA filed Comments on August 31, 2016 and Reply Comments on September 12, 2016. The OCA's Comments focused on (1) making Duquesne's enrollment process as simple as possible while ensuring the Company had the information necessary to efficiently and properly manage its LIURP, CAP and Hardship programs, (2) improving customer education about the maximum CAP credit to help prevent removal due to increased usage, and (3) making sure the CAP stay out and removal provisions were fair.

On October 31, 2016, Duquesne filed an Amended Proposed 2017-2019 Plan. The Company adopted, in all or part, a number of the OCA's recommendations. The Commission issued a Secretarial Letter asking Duquesne to provide additional information and allowing comments on that information from interested parties.

The OCA filed Supplemental Comments on December 2, 2016 to address the new issues raised in the Secretarial Letter and restated concerns that the Company did not resolve through its Amended Plan. The OCA continued to oppose the Company's proposal to entirely eliminate the LIHEAP auto-enrollment and reiterated its position supporting LIHEAP auto-enrollment with limitations. The OCA also identified concerns with potential confusion caused by the "soft" requirement for an annual recertification of income and recommended that customers be provided additional education in Year 2, if adopted. The OCA recommended that a zero income customer be provided an opportunity to challenge income information obtained from outside sources. The OCA recommended that the Company be permitted to install health and safety expenditures for LIURP to allow a contractor to address minor resolvable health and safety issues that would otherwise prevent the installation of LIURP measures. The Secretarial Letter identified significant concerns regarding the Company's problems with its budget billing and CAP bills that impacted the affordability of the program for CAP customers. The

OCA recommended that a stakeholder group be developed to address the systemic budget billing/CAP design problems.

The Commission Order adopted several of the OCA's recommendations and also identified continuing concerns regarding the complexity and affordability of Duquesne's CAP bill calculation and program design. The Commission provided the stakeholders with time to reach a consensus. At the end of the Fiscal Year, the collaborative process was on-going, with a September 2017 deadline.

Docket No. P-2015-2497267. On August 4, 2015, Duquesne filed a Petition to Modify its Smart Meter Plan, which included, among other things, a proposal to implement an Advanced Distribution Management System (ADMS) consisting of two components – an Outage Management System (OMS) and a Distribution Management System (DMS). The Company proposed the ADMS as a means of meeting two of the additional (beyond those statutorily required) smart meter functions identified by the PUC in its 2009 Smart Meter Implementation Order. Duquesne proposes the OMS to communicate to customers' information related to outages and restorations. The DMS is proposed to enable Duquesne to monitor voltage at each meter on its system. In the Commission's Implementation Order, each of the additional smart meter capabilities were made subject to a cost-benefit analysis and the Commission retained the right to waive implementation of any of the additional capabilities (beyond those statutorily required) if they were shown to be not cost-effective.

The OCA filed an Answer and the case was referred to the OALJ for hearings. The OCA took the position that the entire ADMS (consisting of both OMS and DMS) failed to meet the cost-effectiveness test imposed by the Commission's Implementation Order and that the Commission should therefore waive any requirement for the additional capabilities of smart meter voltage monitoring and outage communications for Duquesne at this time.

The ALJ's Initial Decision was issued in November 2016. The ID agreed with the OCA position that the ADMS was not cost-effective but that if implemented, cost recovery should be addressed in a base rate proceeding. On April 7, 2017, the Commission issued an Order adopting in its entirety the ALJ's Initial Decision and denying all Exceptions.

Docket No. P-2016-2540046. On April 15, 2016, Duquesne filed a Petition for approval of a Long Term Infrastructure Improvement Plan. The OCA filed Comments on the plan on May 13, 2016 recommending that Duquesne provide additional information to ensure the Long-Term Infrastructure Improvement Plan (LTIIP) accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The Company also

filed a Petition to establish an initial Distribution System Improvement Charge (DSIC) on May 26, 2016 and the OCA filed an Answer. The OCA recommended that costs related to Duquesne's proposed microgrid program should not be approved for DSIC recovery until the Company files an amended LTIP including detailed information and costs when the program is closer to construction. The OCA also recommended that the riders proposed for inclusion in "distribution revenue" for purposes of calculating the DSIC rate be reviewed to ensure that they are DSIC related and eligible for inclusion. On September 15, 2016, the Commission entered an Order approving both Petitions and referring both of the OCA's issues for hearing and preparation of a recommended decision.

The OCA's testimony addressed the issues referred for hearings and an issue regarding the impact of newly effective Act 40 on the calculation of federal and state income taxes in the DSIC rate. A full Settlement was filed on March 1, 2017, consistent with the OCA's recommendations so that the DSIC rate is limited to costs that are supported with detailed evidence and related to the distribution system and purpose of the surcharge. In addition, the Settlement avoided litigation of the legal question whether Act 40 requires utilities to include federal and state income tax deductions and credits in the DSIC calculation. Duquesne agreed to follow the Commission's directives in another docket where the issue is already pending. A Commission Order was entered on April 20, 2017, which adopted the Recommended Decision approving the Settlement.

Docket No. P-2016-2543140. On May 2, 2016, Duquesne filed a Petition with the Commission for approval of its eighth default service plan for the period June 1, 2017 through May 31, 2021, as well as approval of the Company's (i) Time-of-Use Program, (ii) Standard Offer Program (SOP), (iii) Customer Assistance Program, and other approvals required for the implementation of the DSP. On June 6, 2016, the OCA filed an Answer in response to the Company's Petition to ensure that a reasonable DSP is approved that fully complies with Act 129 and the Commission's Regulations.

The OCA submitted testimony addressing procurement, rate design, retail market enhancement and consumer protection issues, although the OCA supported many aspects of the Company's Petition as-filed for residential customers.

In September 2016, the OCA joined in a Settlement that addressed several of the issues raised by the OCA and adopts several of the Company's proposals that will provide benefits to the public and to the Company's residential ratepayers. The Settlement provided that default service for residential customers will be supplied through a combination of 12-month and 24-month, laddered supply contracts, with delivery periods overlapping on a semiannual basis. This will provide price stability for customers. The Settlement also required the Company to conduct a CAP shopping

collaborative with the parties and file for approval of a CAP shopping program to become effective June 1, 2021, subject to certain conditions. This will enable the Company and the parties to thoroughly consider CAP shopping issues and develop a program that will be beneficial to CAP customers and the public prior to the implementation of CAP shopping. Additionally, the Settlement allowed for the continuation of Duquesne Light's Standard Offer Program, but makes modifications to the SOP scripts and requires the Company to train its customer service representatives on the required SOP disclosures and conduct a periodic review of call recordings to ensure that the representatives are providing the required disclosures, as recommended by the OCA's expert witness.

On December 22, 2016, the Commission approved the Settlement in its entirety without modification, consistent with the ALJ's Recommended Decision.

HIKO Energy, LLC

Docket No. C-2014-2427652. On June 20, 2014, the Commonwealth of Pennsylvania and the OCA (collectively, Joint Complainants) filed a Joint Complaint asserting eight separate counts and alleging that HIKO Energy, LLC. (HIKO or Respondent) violated Pennsylvania law and Commission orders and regulations. The nine separate counts in the Joint Complaint are as follows: I) misleading and deceptive promises of savings; II) slamming; III) lack of good faith handling of complaints; IV) failing to provide rate information; V) failing to provide accurate pricing information; VI) prices nonconforming to disclosure statement; VII) failing to follow POR program parameters; and VIII) failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants requested that the Commission find that Respondent violated the Public Utility Code, the Consumer Protection Law, the Telemarketer Registration Act, and the Commission's regulations and orders; provide restitution to Respondent's customers; impose a civil penalty; and order Respondent to make various modifications to its practices and procedures; and revoke or suspend Respondent's Electric Generation Supplier (EGS) license, if warranted.

Following submission of testimony by consumer witnesses in support of their Complaint, the Joint Complainants, HIKO and Office of Small Business Advocate (OSBA) filed a Joint Petition for Approval of Settlement. Under the terms of the Settlement, HIKO agreed to pay \$2,025,383.85 in refunds to eligible consumers in addition to the \$159,320.15 the Company already paid. HIKO also agreed to make a contribution of \$25,000 to the electric distribution companies' hardship funds. Additionally, the Settlement required the Company to make various modifications to its business practices. Among these modifications, the Company agreed that it would not accept any new Pennsylvania customers from April 1, 2015 until June 30, 2015; subject to

conditions. The Company also agreed to make modifications to its marketing and third-party verification processes; disclosure statement; and training, compliance monitoring, and customer service practices. The modifications to HIKO's business practices were designed to provide accurate information to customers in a clear, direct and understandable manner and ensure reasonable customer service.

On August 21, 2015, the ALJs issued an Initial Decision, approving the Joint Petition for Approval of Settlement in its entirety. On December 3, 2015, the Commission issued an Order approving the Settlement in its entirety without modification.

The Settlement Administrator sent 8,070 refund checks to eligible consumers on May 13, 2016 and a second distribution of 1,195 refund checks on November 23, 2016 to all consumers who were eligible for a refund, but had not cashed the refund checks distributed in May.

Docket No. C-2014-2431410. On July 11, 2014, the Bureau of Investigation and Enforcement (I&E) filed a Formal Complaint against HIKO Energy, LLC. In the Complaint, I&E alleges that HIKO violated the Commission's regulations at 52 Pa. Code § 54.4(a) for failing to charge prices to customers that matched the prices marketed and agreed upon. By way of relief, I&E sought a civil penalty in the amount of \$14,780,000, refunds to customers of the difference between the promised price and the price HIKO charged, and revocation of HIKO's license. On August, 8, 2014, the OCA filed a Notice of Intervention.

On August 21, 2015, the ALJs issued an Initial Decision, directing HIKO to pay a civil penalty in the amount of \$1,836,125. On December 3, 2015, the Commission issued an Order adopting the ALJs' Initial Decision. HIKO appealed the Commission Order.

On June 8, 2017, the Court issued an Opinion affirming the Commission's Order, of which HIKO sought review by the Supreme Court of Pennsylvania. At the end of the Fiscal Year, the parties awaited a decision from the Supreme Court of Pennsylvania regarding HIKO's Petition for Allowance of Appeal.

Metropolitan Edison Co. (Met-Ed)

Docket Nos. A-2015-2488903, A-2015-2488904, A-2015-2488905, G-2015-2488906, G-2015-2488907. On June 19, 2015, the Applicants filed an application for authorization to contribute assets to Mid-Atlantic Interstate Transmission, LLC (MAIT), for MAIT to be certified as a public utility, and for approval of certain affiliated interest agreements.

The Transaction would result in the consolidation of the FirstEnergy East Operating Companies' transmission assets into MAIT, a newly-formed, stand-alone transmission

company. The transmission assets to be contributed are located in the PENELEC, ME, and JCPL transmission zones of PJM. Upon consummation of the Transaction, MAIT would succeed to the transmission rights and obligations of the FirstEnergy East Operating Companies and would provide service over the transmission assets pursuant to the PJM Open Access Transmission Tariff, including the provision of transmission service at distribution voltage levels to certain Penelec and Met-Ed wholesale customers.

As a result of the Transaction, the FirstEnergy East Operating Companies would not own transmission assets. The FirstEnergy East Operating Companies would continue to own and operate distribution facilities and provide retail electric service within their respective service territories, and JCP&L would continue to own and operate a single generating facility. The FirstEnergy East Operating Companies also would retain ownership of the land on which the transmission assets are located and would grant MAIT access to and use of such land in exchange for lease payments. Applicants are seeking approval of the Transaction concurrently from the Federal Energy Regulatory Commission, and the New Jersey Board of Public Utilities (see the “Federal” section of this Report for a summary of the FERC filing).

The OCA filed a Protest on August 3, 2015. The OCA’s Protest, among other issues, highlighted the fact that the proposed transaction must provide “substantial, affirmative public benefits” for the Commission to approve the Application. Through its testimony, the OCA took the position that the proposed transaction, as filed, did not provide affirmative benefits to the public, and recommended several conditions that the Commission should require if the proposed transaction were to be approved.

The parties, including the OCA, participated in settlement negotiations which resulted in a Settlement agreement. On April 1, 2016, the presiding ALJs issued an Initial Decision adopting the Settlement. The Settlement directly addressed the following issues raised by the OCA:

- **The Transmission Assets to be Transferred:** Under the Settlement, the Joint Applicants agreed to ensure that transmission regulatory assets related to storm damage and vegetation management will be transferred with the transmission assets. This Settlement term adopted the OCA’s recommendation and will protect the distribution customers of Met-Ed and Penelec from being responsible for transmission costs through their distribution rates once the companies no longer own the transmission assets.
- **Anti-Competitive Impacts:** Under the Settlement, the Joint Applicants agreed not to remove the transmission assets from PJM’s control unless MAIT seeks and

obtains the Commission's approval to do so, as was recommended by the OCA.

- **The Operation of the Ground Leases:** To settle the issue of how the ground lease payments should be applied, the parties agreed that both the revenues and expenses associated with the land subject to the ground lease will be excluded from future distribution rates. In other words, under the Settlement, Met-Ed will not be required to apply the rent payments they receive from MAIT as a credit to future distribution rates, as OCA recommended, but Met-Ed and Penelec may not seek to recoup any expenses associated with the land subject to the ground lease through future distribution rates. This compromise achieved a balance for the customers of Met-Ed and Penelec because although they will not receive the benefit of the rent payments, they will not be harmed in that they will not pay the expenses.
- **Capital Structure:** The Settlement addressed the OCA's concern with MAIT's capital structure. Under the Settlement, MAIT will finance all new transmission investment over the next five to ten years through the issuance of debt only, unless (1) MAIT's capital structure falls within the range of FERC-approved capital structures, or (2) MAIT is unable to obtain the necessary capital through debt. Requiring MAIT to finance new transmission investment only with debt for a period of time should bring its capital structure within a reasonable range more rapidly than if the new investment were financed by both debt and equity. This provision is in the public interest because it allows MAIT the flexibility to acquire the necessary capital while protecting customers from unduly high rates.
- **Dividends:** The Settlement requires MAIT to make annual dividend payments until the five-year anniversary of the completion of the contribution of assets from Met-Ed and Penelec to MAIT, with limited exceptions. The Settlement also established the minimum amount of the annual dividend payment, i.e. Threshold Dividend Amount. This Settlement provision addressed the OCA's concern with MAIT's dividend payments being in the discretion of MAIT's Board. Establishing a minimum threshold for the frequency and amount of the dividend payments made by MAIT guarantees some cash dividends to Met-Ed and Penelec, and mitigates risk to Met-Ed and Penelec, and their customers.
- **Accumulated Deferred Income Tax (ADIT):** Under the Settlement, the Joint Applicants agreed that customers will be held harmless in the event ADIT is not transferred to MAIT. Including this guarantee in the Settlement protects the customers of the Joint Applicants because it ensures that these customers will continue to receive the benefit of ADIT in the rates that they pay for transmission service. This condition also places the risk of losing the ADIT on the Joint

Applicants.

- **Rate Impacts:** Under the Settlement, the Joint Applicants agreed that MAIT will not seek, in any FERC filing, an incentive or premium on the basis that it is a new company with no credit rating or that it is a single purpose entity, which causes greater risk. This Settlement term adopts the OCA's recommendation and ensures that MAIT's formula rate filing with FERC will reflect MAIT's creditworthiness, which the Joint Applicants assert is a primary reason for the Proposed Transaction. Regarding both transmission and distribution rates, the Joint Applicants agreed to exclude all "costs-to-achieve" arising from the Proposed Transaction from transmission and distribution rates. This Settlement term adopted the OCA recommendation included in its testimony, and should ensure that no costs will be passed on to customers that would not otherwise exist but for the Proposed Transaction.

On August 24, 2016, the Commission entered an Order approving the Settlement with modifications. The Commission clarified the scope of the Commission's certification and clarified that it will retain jurisdiction over MAIT with respect to oversight of the safety and reliability of its transmission facilities, while FERC will regulate MAIT with respect to rates. The Commission also modified ongoing reporting requirements. The Order was deemed final as of September 1, 2016.

Docket No. P-2015-2508942. On October 19, 2015, Met-Ed filed a Petition seeking approval of its initial Long-Term Infrastructure Improvement Plan. On November 18, 2015, the OCA filed Comments recommending that Met-Ed provide additional information to ensure the LTIIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The OCA noted that Met-Ed did not provide historical baseline data to compare against the proposed LTIIP and recommended that the Commission review/evaluate the Company's biennial Inspection and Maintenance Plan. The OCA emphasized that previous service/reliability commitments as part of previous settlements should not be considered as accelerated infrastructure improvements for purposes of Distribution System Improvement Charge recovery under Act 11.

The Commission's Bureau of Technical Utility Services required Met-Ed to provide supplemental information in response to questions and concerns raised by the OCA. On February 11, 2016, the Commission entered an Order approving the LTIIP, based on the filing and supplemental information.

On February 16, 2016, Met-Ed filed a Petition to establish a DSIC. The OCA filed an Answer on February 26, 2016 raising concerns about the Company's proposal that the

DSIC will not apply to certain high voltage customers. The OCA submitted that, without additional information, the Company had not shown that the exclusions are warranted and consistent with Act 11, which requires utilities to apply the DSIC to all customers.

On June 9, 2016, the Commission approved the DSIC Petition and allowed the tariff to go into effect on July 1, 2016. The Commission also referred matters raised by the OCA to the OALJ for hearing. In August 2016, the Presiding Officer consolidated the OCA's complaints against the four First Energy DSICs.

On February 2, 2017, the parties filed a proposed Settlement addressing the matters referred for hearings. The Settlement addressed the OCA's concerns by ensuring that the DSIC calculation only includes revenues derived from distribution service and ensures that all customers served by distribution plant eligible in categories eligible for DSIC recovery will pay the DSIC. This helps to ensure that the charge is properly calculated and fairly applied.

On January 19, 2017, the Commission issued an Order in the First Energy companies' consolidated base rate proceedings at Docket Nos. R-2016-2537349 (Met-Ed), R-2016-2537342 (Penelec), R-2016-2537355 (Penn Power) and R-2016-2537359 (West Penn). The Commission referred to this proceeding the contested issue regarding the impact of recently enacted Act 40, codified at 66 Pa. C.S. § 1301.1, on the calculation of the DSIC, specifically, with regard to federal income tax benefits.

The OCA's position is that the new law requires utilities to change their DSIC calculation to recognize federal and state tax benefits. Currently, utilities only recognize their tax expense. If the change is made, FirstEnergy companies receiving tax benefits from investment recovered through the DSIC will reduce their DSIC rates. At the end of Fiscal Year 2016-2017, the matter was pending before the ALJ.

Docket No. R-2016-2537349. On April 28, 2016, Met-Ed filed a tariff supplement seeking an increase in annual distribution revenue of \$140.2 million, or an overall increase of 9.53%. As part of this increase, the Company proposed to increase the residential monthly customer charge from \$10.25 to \$17.42.

The OCA filed a Formal Complaint on May 3, 2016. In testimony, the OCA recommended a distribution revenue increase of no more than \$63.184 million, or \$70.966 million less than the Company's proposal, with no increase to the residential customer charge. The OCA also made a variety of other recommendations to address the impact of any rate increase on low-income customers, the Company's proposed depreciation method, and the allocation of costs among customer classes.

The parties participated in settlement negotiations, which resulted in a Settlement filed in October 2016. Under the Settlement, Met-Ed was permitted an increase in annual operating revenues of \$90.5 million, or 6.52%. This increase was \$49.7 million less than the amount originally requested by the Company. On a total bill basis, the monthly bill of a typical residential customer using 1,000 kWh per month increased from \$139.91 to \$153.82, or by \$13.91 or 9.94%. This is less than the Company's original proposal, which would have increased this customer's monthly bill by \$17.52 or 13.5%.

As part of the Settlement, the Company agreed not to file for another distribution rate increase prior to January 27, 2019, which will provide a measure of rate stability for consumers and will prevent additional rate increases in quick succession. The monthly customer charge increased from \$10.25 to \$11.25, rather than to \$17.42 as the Company originally proposed. LED streetlighting also experienced an increase of 41%, rather than a 66% increase as Met-Ed proposed. The Settlement also included a number of items intended to improve universal service and customer assistance programs within the Company's territory.

An issue related to the newly-enacted Act 40, which adds Section 1301.1 to Title 66 of the Public Utility Code, was litigated in these proceedings. The OCA argued that the Act requires the Company to recalculate the DSIC riders to account for accumulated deferred income tax (ADIT) and that the instant proceeding was the proper forum for deciding the issue.

The Administrative Law Judge recommended approval of the Joint Petition for Partial Settlement without modification. She also found that the Act 40 ADIT issue should not be decided in the base rate case, but rather should be decided in the Company's ongoing DSIC proceeding. The PUC adopted the ALJ's recommendation and by Order entered on May 18, 2017, the Commission clarified that all relevant parts of the record as to the Act 40 issues would move to the DSIC cases (see companion write-up under Docket No. P-2015-2508942 for additional information).

PECO Energy Co. – Electric (PECO-Electric)

Docket No. C-2016-2525801. On January 25, 2016, the International Brotherhood of Electrical Workers Local 614 (IBEW) filed a Formal Complaint with the Pennsylvania PUC against PECO-Electric. The Complaint was filed to enforce compliance with the Company's Long Term Infrastructure Improvement Plan. IBEW alleged that PECO's failure to comply with the LTIIP is having a direct and immediate adverse effect on the safety of Local 614's members. Local 614 alleged that PECO's use of unqualified Contractors of Choice (COC) and PECO's failure to sufficiently supervise the COC does

not provide “adequate, efficient, safe and reasonable service and facilities” as required by Section 1501 of the Public Utility Code. 66 Pa. C.S. § 1501.

The OCA intervened in this matter to protect the interests of PECO’s customers. IBEW and PECO conducted settlement discussions. On November 28, 2016, IBEW filed a Petition for Leave to Withdraw Complaint with prejudice. IBEW stated in its Petition that the Company confirmed that qualified PECO employees will inspect all LTIIP work. The issue of the supervision of the COC was the key concern identified by IBEW in its Complaint and identified by the OCA in its Intervention.

On February 13, 2017 the ALJ granted IBEW’s Petition to withdraw its Complaint. The final disposition is currently pending before the PUC.

Docket No. M-2015-2507139. On October 2, 2015, PECO-Electric filed its Universal Service and Energy Conservation Plan for 2016 through 2018. PECO’s proposed 2016-2018 Plan includes provisions for both electric and natural gas service. On February 25, 2016, the Commission entered its Tentative Order on the Plan which requested comments from interested parties. The OCA filed Comments on March 16, 2017 with recommendations for informing customers about the plan and facilitating the Commission’s review of the de facto space heating pilot program contained in the plan. On August 11, 2016, the Commission issued an Order which adopted the OCA’s recommendations regarding additional CAP enrollment outreach, education outreach, de facto space heating pilot reporting requirements, and the removal of the account collection costs language. An order on reconsideration of issues unrelated to the OCA’s recommendations was entered on December 8, 2016.

Docket No. P-2012-2283641. On January 13, 2013, PECO-Electric filed a Petition pursuant to Section 2807(e) of the Public Utility Code requesting the approval of its Default Service Program for the period June 1, 2013 to May 31, 2015 (DSP II). PECO also proposed several retail market enhancement programs pursuant to the Commission’s Orders in its *Investigation of Pennsylvania’s Retail Electricity Market* at Docket No. I-2011-2237952. The OCA intervened in the matter and submitted testimony. The Commission issued an Order on October 12, 2012, and in the Order, among other issues, directed the Company to file a Petition to allow CAP customers to participate in the retail shopping market by no later than May 1, 2013 and also addressed the issue of cost recovery for the retail market enhancement programs.

On May 1, 2013, PECO filed the required Petition. PECO proposed a program that would allow CAP customers to select from participating EGSs. Participating EGSs had to guarantee the customer a price that was at or below PECO’s PTC. The Commission issued an Order on January 24, 2014 which denied the Company’s proposal to require

Participating EGSs to guarantee the customer a price that was at or below PECO's PTC.

On March 20, 2014, CAUSE-PA filed a Petition for Review at the Commonwealth Court and an Emergency Application for Stay, and the OCA filed an Answer in support. The stay was granted. On April 11, 2014, the OCA filed its own Petition for Review and argued that the Commission's decision committed errors of law and was not based on substantial evidence. On July 14, 2015, the Commonwealth Court issued an Order determining that the Commission had the authority under the law to allow for such CAP program rules but declined to require the Commission to implement such program rules. The Court determined that substantial evidence existed to support the Commission's determination that Participating EGSs did not need to guarantee the CAP customer a price that was at or below PECO's PTC. The Court determined, however, that substantial evidence did not exist to support the Commission's determination that Shopping CAP customers could be charged a cancellation fee by the Participating EGSs. The Court ordered the Commission to implement this protection.

In August 2015, the Commission filed a Petition for Allowance of Appeal regarding the Commonwealth Court's remand of the cancellation fee issue. On April 5, 2016, the Supreme Court denied allocatur for both Petitions. On May 11, 2016, the Commission issued a Secretarial Letter which directed that PECO file a proposed CAP Shopping Plan in its current DSP III proceeding consistent with the Commonwealth Court's Order.

On September 1, 2016, PECO filed a proposed rule revision and supporting materials. In November 2016, the Commission issued a Secretarial Letter requesting comments on the proposed rule revision. The OCA filed Comments and Reply Comments, in which it recommended that the CAP shopping plan contain appropriate price protections to address harms to CAP customer affordability and program cost-effectiveness. The OCA also addressed issues raised regarding CAP customer designation on the Eligible Customer List, the treatment of a customer who no longer is enrolled in CAP, and the treatment of CAP Shopping Plan violations of PECO's tariff.

On March 16, 2017, in response to a Petition for Reconsideration filed in the Company's DSP IV (see Docket No. P-2016-2534980 below), the Commission issued an Order that consolidated the two proceedings. In May 2017, the parties filed a Joint Motion to Hold the Proceedings in Abeyance pending the resolution of the Commonwealth Court appeal regarding PPL's proposed CAP shopping plan at Docket No. P-2016-2526627. On June 5, 2017, the ALJ issued a Prehearing Order granting the Joint Motion. At the end of the 2016-2017 Fiscal Year, the Parties awaited the Commonwealth Court's determination in PPL.

Docket No. P-2015-2471423. On March 27, 2015, PECO-Electric filed a Petition for Approval of its Electric Long Term Infrastructure Improvement Plan and to establish a Distribution System Improvement Charge for its electric operations. PECO requested that the DSIC be approved effective January 1, 2016 and indicated its expectation that the initial DSIC rate will be set at 0.00% because its planned investment in infrastructure improvements for the first year of the LTIIP (2016) were included in the fully projected future test year claim in PECO's base rate filing at Docket No. R-2015-2468981.

The OCA filed Comments on the LTIIP and an Answer and Formal Complaint against the DSIC on April 10, 2015. The OCA objected to the Company's failure to reflect accumulated deferred income taxes (ADIT) and state income tax deductions in its calculation of the DSIC because those tax deductions should reduce the the DSIC rate just as they reduce base rates.

TUS required PECO to provide supplemental information in response to questions and concerns raised in the OCA's LTIIP Comments. On October 22, 2015, the Commission entered an Order approving the LTIIP and the DSIC, based on the filing and supplemental information. The Commission did not require the changes recommended by the OCA to reflect tax deductions; recognizing that the Commonwealth Court was reviewing the same legal questions in the OCA's appeals of prior Commission DSIC Orders. On November 3, 2015, the Court affirmed the Commission's Orders and allowed utilities to calculate the DSIC without reflecting their actual state and federal taxes paid.

The Commission referred two issues for hearings in the PECO Electric DSIC case: whether the DSIC charge should apply to customers taking service at transmission voltage rates and if revenues associated with the riders in PECO's tariff are properly included as distribution revenues. The DSIC rate for residential customers could increase if other customers are exempt from paying the DSIC and could decrease if revenues from riders are excluded from the total revenue to which the DSIC applies. Accordingly, it is important for residential customers that these matters are decided in accordance with Act 11 and the requirement that rates be just and reasonable.

In May 2017, following months of negotiations, the parties filed a proposed Settlement that was consistent with the OCA's recommendations and helped to ensure the DSIC rate is as low as possible. To this end, the Settlement also addressed a third issue raised by the OCA: whether Act 40 requires PECO to include DSIC-related income tax deductions to be included in the DSIC calculation to reduce rates. PECO agreed that it will comply with the Commission's disposition of the issue in the pending FirstEnergy DSIC proceedings. If the OCA prevails in those cases, PECO's customers will benefit from a reduced DSIC rate if PECO receives tax benefits from investment recovered

through the DSIC. The ALJ issued a Recommended Decision approving the proposed Settlement on August 17, 2017. No exceptions were filed and at the end of the 2016-2017 Fiscal Year, the case was pending before the Commission.

Docket No. P-2016-2534980. On March 17, 2016, PECO-Electric filed a Petition requesting the Commission's approval of a Default Service Program for the period June 1, 2017 to May 31, 2019 (DSP IV). The OCA intervened in the matter and submitted testimony addressing issues, including term of the DSP IV, product mix, the Standard Offer Product and the Customer Assistance Program. The parties reached a Settlement on multiple issues but were not able to reach agreement regarding issues surrounding customer shopping for PECO customers receiving assistance through the CAP. On September 23, 2016, the ALJ issued her Recommended Decision, wherein she recommended approving the Partial Settlement and deferred the issue of CAP Shopping to the proceeding at Docket No. P-2012-2283641. On December 8, 2016, the Commission issued an Order consistent with the Recommended Decision. The OCA and other parties filed Petitions for Reconsideration regarding the CAP Shopping issue.

On March 16, 2017, in response to the Petitions for Reconsideration, the Commission issued an Order that consolidated the DSP IV filing at Docket No. P-2016-2534980 with the PECO 2016 CAP Rule Change Filing at Docket No. P-2012-2283641. The Commission referred the consolidated proceeding to the Office of Administrative Law Judge for further proceedings and a decision on the merits of PECO's 2016 CAP Rule Change Filing, the CAP-SOP proposed in the DSP IV proceedings, and all issues relating to the ability of CAP customers to shop for electric generation supply in PECO's service territory. On May 12, 2017, the parties filed a Joint Motion to Hold the Proceedings in Abeyance pending the resolution of the Commonwealth Court appeal regarding PPL's proposed CAP shopping plan (CAP-SOP) at Docket No. P-2016-2526627. In June 2017, the ALJ issued a Prehearing Order granting the Joint Motion. At the end of the 2016-2017 Fiscal Year, the Parties awaited the Commonwealth Court's determination.

Docket No. P-2016-2535033. On March 18, 2016, Direct Energy filed a Petition requesting that the Commission require PPL and PECO-Electric, on a pilot basis, to implement a retail market enhancement program for the stated purpose of increasing retail shopping for "value added" products. In particular, Direct Energy's Petition sought to have PPL and PECO send out a one-time mailing to non-shopping residential and small business customers that would include an "opt-in offer" for competitive energy supply under a two year contract that included "value added" features. Direct Energy requested that the program be implemented on an expedited basis. In addition, Direct Energy's proposal required residential ratepayers to assume a portion of the costs of such program. The OCA filed an Answer to the Petition on May 9, 2016. The

Commission assigned the proceeding to the Office of Administrative Law Judge for hearings. After the scheduling of a Prehearing Conference, Direct Energy requested multiple extensions to work toward settlement of the issues presented in its Petition. The OCA actively participated in negotiations. Direct Energy filed a Petition for Leave to Withdraw its Petition, which was granted by the Presiding Officer on December 22, 2016. By Order entered January 27, 2017, the Commission approved the withdrawal and marked the proceeding closed.

Docket Nos. P-2016-2546452, A-2016-2546450. On May 18, 2016, PECO-Electric filed a Petition and a related Application seeking approval of its Microgrid Integrated Technology Pilot Plan and for issuance of a Declaratory Order regarding the recovery of microgrid costs. In its Petition, PECO proposed to construct, own, and operate a community microgrid within its service territory. The microgrid would operate as part of PECO's distribution system, but would be able to separate itself and operate in "island mode" to provide uninterrupted service within the microgrid during outages, severe storms, or other events to certain customers.

PECO estimated that the Microgrid Pilot would cost approximately \$35 million to implement, which it proposes to recover from all PECO customers. The Company seeks to recover \$15.3 million of these costs through its Distribution System Improvement Charge, and to recover the remaining \$19.6 million in a future electric distribution base rate case.

The OCA filed an Answer on June 20, 2016. In testimony, the OCA raised a number of concerns about the proposed Pilot, including the cost recovery proposal and legal and policy issues. After discussions with the parties, the Company submitted additional testimony modifying its proposal to limit the size of the project, which reduced the costs from \$35 million to \$23 million. The OCA expressed continuing concern about the specifics of PECO's proposal in surrebuttal testimony.

In response to concerns raised by the OCA and the other parties, the Company filed a Joint Petition for Leave to Withdraw Pleadings on October 27, 2016, to allow the parties to instead participate in a collaborative process to discuss microgrid deployment and issues raised in PECO's filing. The Joint Petition was approved on November 22, 2016. The OCA intends to participate in any future collaborative regarding PECO's microgrid proposal.

Docket No. P-2016-2573023. On October 26, 2016, PECO-Electric filed a Petition seeking approval of a pilot plan for an advance payments program and for temporary waiver of portions of the Commission's regulations with respect to that plan. PECO's pilot would permit 2,000 residential customers and applicants for service to voluntarily

participate in a pilot program in which the customers/applicants prepay for electric service. Under prepaid metering service, customers pay in advance for service rather than on a monthly basis after using the service. If a customer is unable to keep sufficient funds in the account balance, electric service will automatically terminate when the balance is depleted. PECO intends to use the pilot to, among other things, collect data on customer usage and payment patterns which may be used to develop a broad-scale advance payments program.

The OCA filed an Answer to PECO's Petition on November 15, 2016 in which it stated its opposition to PECO's Pilot and requested that the matter be sent to the Office of Administrative Law Judge for evidentiary hearings and development of a full and complete record, rather than being decided through Comments as PECO requested. On December 15, 2016, the OCA filed Comments expressing its concerns regarding PECO's Pilot, including: the Pilot is inconsistent with Pennsylvania law; experiences in other states and countries raise significant questions as to the impact on customers of prepaid metering; PECO's Pilot Plan does not represent sound public policy; the Pilot lacks sufficient detail to be considered at this time; and a variety of consumer protections and tracking and reporting requirements must be included if the Pilot moves forward. The OCA also filed Reply Comments reiterating these points on January 13, 2017. The Commission subsequently set the matter for evidentiary hearings.

The OCA submitted testimony raising many of the same issues that were discussed in Comments. The OCA opposed PECO's Pilot and recommended that it be rejected by the Commission. The OCA also stated in the alternative that if the Commission were to consider allowing the Pilot, it should only go forward if: (1) consumer protections contained in Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations will continue to apply to participants; (2) detailed reporting requirements are imposed; and (3) that customers below 300% of the Federal Poverty Level or those with arrears are not eligible to participate.

At the end of the 2016-2017 Fiscal Year, the matter was pending before the Presiding Officer.

Pennsylvania Electric Co.

Docket No. A-2015-2488903, A-2015-2488904, A-2015-2488905, G-2015-2488906, G-2015-2488907. On June 19, 2015, the Applicants filed an application for authorization to contribute assets to Mid-Atlantic Interstate Transmission, LLC (MAIT), for MAIT to be certified as a public utility, and for approval of certain affiliated interest agreements. See write-up for Met-Ed, above.

Docket No. P-2015-2508936. On October 19, 2015, Penelec filed a Petition seeking approval of its initial Long-Term Infrastructure Improvement Plan. On November 18, 2015, the OCA filed Comments recommending that Penelec provide additional information to ensure the LTIIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The OCA noted that Penelec did not provide historical baseline data to compare against the proposed LTIIP and recommended that the Commission review/evaluate the Company's biennial Inspection and Maintenance Plan. The OCA emphasized that previous service/reliability commitments as part of previous settlements should not be considered as accelerated infrastructure improvements for purposes of Distribution System Improvement Charge recovery under Act 11.

TUS required Penelec to provide supplemental information in response to questions and concerns raised by the OCA. On February 11, 2016, the Commission entered an Order approving the LTIIP, based on the filing and supplemental information.

On February 16, 2016, Penelec filed a Petition to establish a DSIC. The OCA filed an Answer on February 26, 2016 raising concerns about the Company's proposal that the DSIC will not apply to certain high voltage customers. The OCA argued that, without additional information, the Company had not shown that the exclusions are warranted and consistent with Act 11, which requires utilities to apply the DSIC to all customers.

On June 9, 2016, the Commission approved the DSIC Petition and allowed the tariff to go into effect on July 1, 2016. The Commission also referred matters raised by the OCA to the OALJ for hearing.

In August 2016, the Presiding Officer consolidated the OCA's complaints against the four First Energy DSICs. See write-up above, under Metropolitan-Edison, Docket No. P-2015-2508942, for additional information.

Docket No. R-2016-2537352. On April 28, 2016, Penelec filed a tariff supplement seeking an increase in annual distribution revenue of \$158.8 million, or an overall increase of 11.42%. As part of this increase, the Company proposed to increase the residential monthly customer charge from \$9.99 to \$17.10.

The OCA filed a Formal Complaint on May 3, 2016. In testimony, the OCA recommended a distribution revenue increase of no more than \$53.974 million, or \$98.843 million less than the Company's proposal, with no increase to the residential customer charge. The OCA also made a variety of other recommendations to address the impact of any rate increase on low-income customers, the Company's proposed depreciation method, and the allocation of costs among customer classes. The parties filed voluminous testimony and participated in settlement negotiations, which resulted in

a Settlement filed in October 2016. Under the Settlement, Penelec was permitted an increase distribution base rate operating revenues of \$94.6 million, or 7.22%. This increase was \$64.2 million less than the amount originally requested by the Company. On a total bill basis, the monthly bill of a typical residential customer using 1,000 kWh per month increased from \$145.86 to \$163.49, or by \$17.63 or 12.08%. This is less than the Company's original proposal, which would have increased this customer's monthly bill by \$23.61 or 17.1%.

As part of the Settlement, the Company agreed not to file for another distribution rate increase prior to January 27, 2019, which will provide a measure of rate stability for consumers and will prevent additional rate increases in quick succession. The monthly customer charge increased from \$9.99 to \$11.25, rather than to \$17.10 as the Company originally proposed. LED streetlighting also experienced an increase of 39%, rather than a 46.9% increase as Penelec proposed. The Settlement also included a number of items intended to improve universal service and customer assistance programs within the Company's territory.

See write-up above, under Metropolitan-Edison Docket No. R-2016-2537349, for additional information.

Pennsylvania Power Co. (Penn Power)

Docket No. P-2015-2508948. On October 19, 2015, Penn Power filed a Petition seeking approval of its initial Long-Term Infrastructure Improvement Plan. On November 18, 2015, the OCA filed Comments recommending that Penn Power provide additional information to ensure the LTIIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The OCA noted that Penn Power did not provide historical baseline data to compare against the proposed LTIIP and recommended that the Commission review/evaluate the Company's biennial Inspection and Maintenance Plan. The OCA emphasized that previous service/reliability commitments as part of previous settlements should not be considered as accelerated infrastructure improvements for purposes of Distribution System Improvement Charge recovery under Act 11.

TUS required Penn Power to provide supplemental information in response to questions and concerns raised by the OCA. On February 11, 2016, the Commission entered an Order approving the LTIIP, based on the filing and supplemental information.

On February 16, 2016, Penn Power filed a Petition to establish a DSIC. The OCA filed an Answer on February 26, 2016 raising concerns about the Company's proposal that the DSIC will not apply to certain high voltage customers. The OCA submitted that,

without additional information, the Company had not shown that the exclusions are warranted and consistent with Act 11, which requires utilities to apply the DSIC to all customers.

On June 9, 2016, the Commission approved the DSIC Petition and allowed the tariff to go into effect on July 1, 2016. The Commission also referred matters raised by the OCA to the OALJ for hearing. In August 2016, the Presiding Officer consolidated the OCA's complaints against the four First Energy DSICs. See write-up above, under Metropolitan-Edison, Docket No. P-2015-2508942, for additional information.

Docket No. R-2016-2537355. On April 28, 2016, Penn Power filed a tariff supplement seeking an increase in annual distribution revenue of \$42.0 million, or an overall increase of 9.57%. As part of this increase, the Company proposed to increase the residential monthly customer charge from \$10.85 to \$13.41.

The OCA filed a Formal Complaint on May 3, 2016. In its testimony, the OCA recommended a distribution revenue increase of no more than \$15.381 million, or \$22.018 million less than the Company's proposal, with no increase to the residential customer charge. The OCA also made a variety of other recommendations to address the impact of any rate increase on low-income customers, the Company's proposed depreciation method, and the allocation of costs among customer classes.

The parties participated in settlement negotiations, which resulted in a Settlement filed in October 2016. Under the Settlement, Penn Power was permitted an increase in distribution base rate operating revenues of \$27.5 million, or 6.54%. This increase was \$14.5 million less than the amount originally requested by the Company. On a total bill basis, the monthly bill of a typical residential customer using 1,000 kWh per month increased from \$141.24 to \$154.75, or by \$13.51 or 9.56%. This is less than the Company's original proposal, which would have increased this customer's monthly bill by \$18.45 or 14.18%.

As part of the Settlement, the Company agreed not to file for another distribution rate increase prior to January 27, 2019, which will provide a measure of rate stability for consumers and will prevent additional rate increases in quick succession. The monthly customer charge increased from \$10.85 to \$11.00, rather than to \$13.41 as the Company originally proposed. LED streetlighting also experienced an increase of 33%, rather than a 40% increase as Penn Power proposed. The Settlement also included a number of items intended to improve universal service and customer assistance programs within the Company's territory.

See write-up above, under Metropolitan-Edison Docket No. R-2016-2537349, for additional information.

Pike County Light & Power Co.

Docket No. A-2015-2517036. On December 4, 2015, Pike and Orange and Rockland (O&R) filed a Joint Application with the Commission seeking to transfer control and ownership interests to Corning Natural Gas Holding Corporation (CNGHC). The Joint Applicants request all necessary authority, approvals and certificates of public convenience from the Commission, pursuant to Sections 1102(a)(3), 2102(b) and 190I(a) and (c) of the Public Utility Code regarding: (1) the transfer of all of Pike affiliate O&R's ownership interests in Pike to CNGHC; (2) the affiliated interest agreement(s); and (3) the securities transactions involving Pike.

On December 23, 2015, the OCA filed a Protest. In its Protest, the OCA identified a number of issues with the proposed transaction in the Joint Application, including: 1) whether the transaction provides affirmative ratepayer benefits; 2) whether the transaction will provide any acquisition savings and/or synergies; 3) whether the Joint Applicants propose to bear the costs of executing the proposed transaction; 4) whether quality of service will be affected as a result of the transaction; 5) whether there is an adverse impact on rates; 6) whether there are any market power and effects on competitive markets; 7) whether the corporate structure will change and the impact of any changes; 8) whether the Commission's jurisdiction would continue; and 9) whether Corning possesses the requisite technical, legal, and financial fitness to operate Pike.

In testimony, the OCA raised numerous concerns with the Joint Application, including the following: 1) Corning's technical and managerial capability to operate an electric utility; 2) Corning's proposed reliance on O&R post-Acquisition for certain services, power supply, and gas supply through third-party contracts with O&R, despite the fact that the Commission will lose regulatory authority over the O&R and Pike affiliated interest relationships post-acquisition; 3) Corning's financial ability to finance the proposed transaction; and 4) the unknown impact of the transaction on Pike's customers' rates over time.

The parties reached a Settlement in this matter, which they filed on June 10, 2016. The Settlement addresses many of the issues raised by the OCA's expert witness and provides substantial, affirmative benefits to the public and to Pike's ratepayers. Of significance, the Settlement provided for a stay-out for any base rate case filing extended 18 months from the date the present stay-out expires (September 1, 2016) until March 1, 2018. The stay-out will provide Pike customers with a measure of rate stability and assurance that a rate increase will not be requested prior to March 1, 2018, thus mitigating the risk for Pike's ratepayers. Additionally, the Settlement provided that Pike will not claim transaction costs, costs incurred as a result of this acquisition, or "goodwill" costs in any rate case. This Settlement provision would help alleviate the risk

that Pike's ratepayers will be required to assume these potentially substantial costs that would not exist but for the proposed transaction. Furthermore, the Settlement provided that customers shall be held harmless from adverse rate effects associated with tax and accounting charges related to this transaction. Additionally, under the Settlement, Pike/Corning agreed to study the feasibility and cost implications of an interest rate swap, or similar switch to fixed rate debt, to hedge variable rate debt and shall provide its findings in one of its quarterly status reports filed within six months of closing. These Settlement provisions would help to ensure that Pike's ratepayers will not be exposed to substantial rate increases as a result of this transaction. Additionally, the Settlement made several modifications to the Transition Services Agreement (TSA) between Pike and O&R, in which O&R would provide specific services to Pike at a specific cost following the Closing. The Settlement provisions related to the TSA would clarify any confusion on the record relating to the intent of the TSA and help to ensure a smooth transition as Corning hires the necessary staff and implements the necessary operations to conduct electric utility operations. As a further assurance of a smooth transition, under the Settlement, Corning and Pike made specific commitments relating to the Corning/Pike re-staffing plan. The Settlement also contained numerous provisions requiring Pike or Corning to commence various studies and engage in quarterly meetings relating to improving Company operations and the status of the transition. Furthermore, the Settlement provided that Pike would continue its Electric Division Reliability Plan and establish a dedicated service center in its service territory. These Settlement provisions would help to ensure adequate service quality and reliability.

On June 30, 2016, the ALJ issued a Recommended Decision, wherein she recommended approval of the Joint Petition in its entirety without modification. On August 11, 2016, the Commission adopted the Recommended Decision.

PPL Electric Utilities Co.

Docket No. M-2016-2554787. On June 30, 2016, PPL filed its Universal Service and Energy Conservation Plan for 2017 through 2020, in accordance with the Commission's regulations at 52 Pa. Code §§ 54.71-78. On April 6, 2017, the Commission entered a Tentative Order which requested supplemental information from the Company and comments from interested parties. On June 7 and 22, 2017, the OCA filed Comments regarding: (1) the program budget; (2) energy affordability burdens; (3) automatic recertification for budget billing customers; (4) the treatment of zero income customers; (5) the maximum CAP credit; (6) the consequences of the customer's failure to recertify; and (7) the APPRISE evaluation regarding the weatherization program. At the end of the 2016-2017 Fiscal Year, the matter was pending before the Commission.

Docket No. M-2016-2578051. In accordance with specific guidance and directives from the Commission, on June 1, 2017, PPL filed a Petition for Approval of a New Time of Use (TOU) Program to be effective from June 1, 2018 through May 31, 2021. The OCA filed an Answer to PPL's TOU Petition on June 21, 2017. Through its participation, the OCA seeks to ensure that PPL's TOU program is reasonable, consistent with Commission regulations and Orders and is accompanied by adequate consumer protections to help ensure that those customers that sign up for TOU service have full information about the unique service they are to receive, including the prices they will be charged and the savings that may be achieved by shifting their energy usage from peak to off-peak hours. The matter was pending before the PUC at the end of Fiscal Year 2016-2017.

Docket No. P-2016-2526627. On January 29, 2016, PPL filed a Petition requesting approval of its next default service plan for the period June 1, 2017 through May 31, 2021. For residential customers, PPL proposed to procure fixed-price, full requirements, load-following service for residential supply. The Company proposed to mix 6 month and 12 month ladder contracts to serve residential customers. PPL also proposed to continue its existing Customer Referral Program into the next plan period with limited modifications.

The OCA filed an Answer and intervened in the matter on March 4, 2016. The OCA submitted testimony and worked with parties to develop a Settlement addressing all issues except CAP customer shopping. As part of the Partial Settlement, the Company agreed to modify its residential procurement schedule to reduce the amount purchased on single dates, as recommended by the OCA, to reduce potential volatility. The Partial Settlement also included modifications to the Standard Offer Program's customer education and presentation materials as recommended by the OCA.

In a Recommended Decision issued in August 2016, the ALJ recommended approving the Partial Settlement and also recommended approving a Joint Litigation Position supported by OCA. The Joint Litigation Position provided for a modified CAP Shopping Plan to allow CAP customers to shop for electric generation supply only through a CAP-Standard Offer Program (CAP-SOP) and recommended that the Commission hold a statewide collaborative to resolve long-term issues relating to CAP customer shopping. On October 27, 2016, the Commission adopted the ALJ's recommendations. One of the parties to the case, Retail Energy Supply Association filed a Petition for Reconsideration regarding the Joint Litigation Position on CAP Shopping, which the OCA opposed by Answer. It was denied on January 26, 2017 and in February 2017, RESA appealed to the Commonwealth Court. The OCA intervened in March 2017. At the end of Fiscal Year 2016-2017, the matter was pending before the Court.

Docket No. P-2016-2524581. On January 15, 2016, PPL filed a Petition for Approval to Use the Remote Service Switch in its Meters for Involuntary Service Termination. PPL's new Radio Frequency smart meters would provide the Company with the functionality to remotely terminate service to customers. PPL proposed to begin utilizing the remote switch for involuntary service termination beginning April 1, 2017. On January 4, 2016, the OCA filed its Notice of Intervention and Answer to the Petition. The OCA identified concerns with the Company's proposed termination processes, reconnection processes, and the quantification and flow-through of savings and benefits to ratepayers through the smart meter surcharge. The parties reached a tentative Settlement of the matter that would ensure compliance with Commission consumer protection regulations, as well as widen the hours available for reconnection seven days a week, and provide for reporting requirements regarding customer disconnections and reconnections. The Settlement Agreement was filed in August 2016.

On December 15, 2016, the ALJ recommended approval of the Settlement Agreement. On January 9, 2017, the Commission approved the Settlement. On April 5, 2017, the Commission issued a Secretarial Letter approving the Company's compliance tariff filing in the matter.

Docket No. P-2016-2535033. On March 18, 2016, Direct Energy filed a Petition requesting that the Commission require PPL and PECO, on a pilot basis, to implement a retail market enhancement program for the stated purpose of increasing retail shopping. See write-up under PECO-Electric, above, for additional information.

Docket No. P-2016-2560140. On August 5, 2016, PPL filed a Petition which requested the PUC to grant a permanent waiver of 52 Pa. Code § 56.97(a) to allow the Company to continue to offer payment arrangements through its website and Interactive Voice Response (IVR) for customers who are facing potential termination of service. PPL's request for a permanent waiver follows two prior interim waivers granted by the Commission. On August 29, 2016, the OCA filed an Answer recommending that the Commission grant an additional temporary waiver for four years and that PPL should continue to provide reports on the program. The Company agreed to amend its request from a permanent waiver to a six year temporary waiver, commencing on December 31, 2016 and ending December 31, 2022. PPL also agreed that it would provide the following information: (1) updates at least 30 days prior to substantive changes to the website or IVR systems regarding payment agreements; (2) an annual statistical report to OCA and BCS by February 15th each year; and (3) a comprehensive report to the Commission and OCA 60 days prior to the expiration of the six year waiver. On December 22, 2016, the Commission issued an Order which approved the six year temporary waiver and the reporting conditions. The Commission stated that the request

for a permanent waiver should be in the alternative and coupled with a request for a further temporary extension subject to consensus with stakeholders.

Respond Power, LLC

Docket Nos. C-2016-2576287, C-2016-2576292. Pursuant to a Commission-approved Settlement, Penelec and West Penn implemented a Purchase of Receivables “Clawback” mechanism to recover uncollectible costs from electric generation suppliers whose average percentage of write-offs substantially exceeded EGS supplier averages. On November 17, 2016, Respond Power filed a Formal Complaint against Pennsylvania Electric Co. and a Formal Complaint against West Penn Power Co. requesting that the Commission prohibit both Companies from applying certain Clawback charges for September 2016 and September 2017 to Respond Power.

The OCA was a signatory to the Settlement that created the Clawback mechanism at issue and intervened in the Complaint proceedings on December 8, 2016, to ensure that the provisions approved in the Settlement were appropriately implemented and that consumers were adequately protected.

The proceeding was pending before the ALJ at the end of Fiscal Year 2016-2017.

Transource PA, LLC

Docket No. A-2017-2587821. On February 7, 2017, Transource PA, LLC submitted an Application with the PUC seeking to become a public Utility in PA. Transource provided that it seeks to provide electric transmission service in Franklin and York counties via new transmission infrastructure that it plans to build as part of a PJM-approved market efficiency project. On March 6, 2017, the OCA filed a Protest. The OCA submitted that Transource’s Application must be thoroughly reviewed to substantiate that Transource had the necessary financial, managerial and technical fitness to be a public utility in PA. Additionally, Transource must show that its proposed service is not only needed, but also that such service is not already being provided. The parties are pursuing this matter in accordance with the litigation schedule established in this proceeding.

The parties engaged in settlement discussions and the Company and the OCA were able to agree to resolve the contested issues in this proceeding. Under the terms of the Settlement filed in July 2017, the Joint Petitioners agreed that the Application of Transource should be approved subject to certain terms and conditions. Specifically, the Settlement provided that the Commission’s issuance of a Certificate of Public Convenience and demarcation of a service area does not constitute approval of any project proposed for the service area. The Settlement further provided that Transource

will seek Commission approval prior to modifying affiliate agreements or entering into new affiliate agreements. Furthermore, under the terms of the Settlement, the Intervenor reserved all rights to challenge the need for any project proposed by Transource PA. The Settlement also provided that if Transource's Application is granted, it will be subject to the jurisdiction and oversight of the Commission, consistent with the Public Utility Code and the Commission's Regulations. The parties were awaiting a Recommended Decision in this case at the end of the Fiscal Year.

UGI Utilities, Inc. – Electric Division (UGI-ED)

Docket No. P-2016-2543523. On April 22, 2016, UGI-ED filed a Petition seeking the Commission's approval of the Company's third default service plan and all potential associated affiliated interest transactions for the period June 1, 2017 through May 31, 2021. On May 31, 2016, the OCA filed a Notice of Intervention. The OCA submitted testimony indicating that the OCA found the Company's DSP-III to be reasonable and recommending that it be approved with one modification – that the Company be required to analyze whether residential customers and small C&I customers should continue to be combined into one class prior to its next default service plan. Prior to rebuttal testimony being filed, the parties reached a Settlement. The Joint Petition for Settlement was filed on September 1, 2016. Under the Settlement, the Company's DSP-III Plan is approved with the Company agreeing to perform the analysis recommended by the OCA in its direct testimony. An RD approving the Settlement was issued in October 2016. An Order approving the Settlement without modification was entered on November 9, 2016.

Wellsboro Electric Co.

Docket No. P-2017-2596815; Docket No. P-2017-2596838. On March 31, 2017, the Citizens' Electric Co. of Lewisburg, PA and Wellsboro Electric Co. filed a Joint Default Service Plan with the Commission seeking approval of the proposed Default Service Plan (DSP) for the period beginning June 1, 2018 and ending May 31, 2021. The OCA filed an Answer to the Petition on May 1, 2017 to ensure that a full review of the Companies' plan was conducted.

Upon review of the Companies' filing, the OCA submitted testimony and briefs opposing two aspects of the Petition. First, the OCA opposed the Companies' contingency procurement plan for residential customers that relied exclusively on spot market purchases. This issue was particularly relevant because the Companies' current default service procurement utilized a contingency for a full year after it failed to generate

sufficient market participation. The OCA recommended that a contingency plan that did not rely on volatile spot market pricing should be approved.

The second issue raised by the OCA concerned Citizens' proposed 25-year purchase power agreement. While the Company presented the contract as a solar power purchase, the contract did not contain the solar energy credits produced by the generator. As a result, the OCA opposed the agreement. At the end of Fiscal Year 2016-2017, the parties awaited Commission action on the Petition.

Docket No. R-2016-2531551. On August 31, 2016, Wellsboro Electric Co. filed a tariff supplement, in which it proposed an overall distribution rate increase of \$1,000,000 per year. Wellsboro anticipated a total bill increase of about 11.85% (or \$10.25/month) for residential customers.

See companion write-up for Citizens' Electric Co., Docket No. R-2016-2531550, for case status.

West Penn Power Co.

Docket No. P-2015-2508931. On October 19, 2015, West Penn filed a Petition seeking approval of its initial Long-Term Infrastructure Improvement Plan. On November 18, 2015, the OCA filed Comments recommending that West Penn provide additional information to ensure the LTIIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The OCA noted that West Penn did not provide historical baseline data to compare against the proposed LTIIP and recommended that the Commission review/evaluate the Company's biennial Inspection and Maintenance Plan. The OCA emphasized that previous service/reliability commitments as part of previous settlements should not be considered as accelerated infrastructure improvements for purposes of Distribution System Improvement Charge recovery under Act 11.

TUS required West Penn to provide supplemental information in response to questions and concerns raised by the OCA. On February 11, 2016, the Commission entered an Order approving the LTIIP, based on the filing and supplemental information.

On February 16, 2016, West Penn filed a Petition to establish a DSIC. The OCA filed an Answer on February 26, 2016 raising concerns about the Company's proposal that the DSIC will not apply to certain high voltage customers. The OCA submitted that, without additional information, the Company had not shown that the exclusions are warranted and consistent with Act 11, which requires utilities to apply the DSIC to all customers.

On June 9, 2016, the Commission approved the DSIC Petition and allowed the tariff to go into effect on July 1, 2016. The Commission also referred matters raised by the OCA to the OALJ for hearing.

In August 2016, the Presiding Officer consolidated the OCA's complaints against the four First Energy DSICs. See write-up above, under Metropolitan-Edison, Docket No. P-2015-2508942, for additional information.

Docket No. R-2016-2537359. On April 28, 2016, West Penn filed a tariff supplement proposing an increase in annual distribution revenue of \$98.2 million, or an overall increase of 5.74%. As part of this increase, the Company proposed to increase the residential monthly customer charge from \$5.81 to \$13.98.

The OCA filed a Formal Complaint on May 3, 2016. In its testimony, the OCA recommended a distribution revenue increase of no more than \$32.713 million, or \$61.771 million less than the Company's proposal, with a residential customer charge of no more than \$6.80 per month. The OCA also made a variety of other recommendations to address the impact of any rate increase on low-income customers, the Company's proposed depreciation method, and the allocation of costs among customer classes. The parties filed voluminous testimony and participated in settlement negotiations, which resulted in a Settlement in principle.

The Joint Petition for Partial Settlement was filed on October 14, 2016. Under the Settlement, West Penn was permitted an increase in distribution base rate operating revenues of \$60.6 million, or 3.83%. This increase was \$37.6 million less than the amount originally requested by the Company. On a total bill basis, the monthly bill of a typical residential customer using 1,000 kWh per month increased from \$113.27 to \$121.36, or by \$8.09 or 7.14%. This is less than the Company's original proposal, which would have increased this customer's monthly bill by \$10.89 per month or 9.6%.

As part of the Settlement, the Company agreed not to file for another distribution rate increase prior to January 27, 2019, which will provide a measure of rate stability for consumers and will prevent additional rate increases in quick succession. The monthly customer charge increased from \$5.81 to \$7.44, rather than to \$13.98 as the Company originally proposed. LED streetlighting also experienced an increase of 25.74%, rather than a 62% increase as West Penn proposed. The Settlement also included a number of items intended to improve universal service and customer assistance programs within the Company's territory.

See write-up above, under Metropolitan-Edison Docket No. R-2016-2537349, for additional information.

NATURAL GAS: UTILITY-SPECIFIC PUC PROCEEDINGS

Columbia Gas of Pennsylvania, Inc.

Docket No. P-2016-2521993. On December 31, 2015, Columbia Gas filed a Petition seeking waiver of the statutory Distribution System Improvement Charge cap of 5% of billed distribution revenues and approval to increase the maximum allowable DSIC to 10%. The OCA filed an Answer on January 20, 2015, in which it recommended that the proposed waiver be denied because Columbia Gas had not proposed any further acceleration of replacement; and it had not met the statutory standard for a waiver. Further, Columbia Gas is successfully funding its infrastructure improvements through Act 11 of 2012's base rate mechanism of a fully forecasted future test year. The 5% cap is an important consumer protection that limits the amounts utilities can charge ratepayers without base rate review.

The OCA submitted testimony and briefs supporting its position. The ALJ issued a Recommended Decision on October 12, 2016, agreeing with the OCA that the Company needed to provide additional evidence of need for the waiver and did not meet its burden. The Commission entered an Order on December 22, 2016, which denied Columbia Gas' Petition, consistent with the OCA's recommendation. The Company filed a Petition for Reconsideration, which the OCA opposed. On May 18, 2017, the Commission entered an Order consistent with the OCA's position, which denied the Petition.

Docket No. R-2016-2529660. On March 18, 2016, Columbia Gas filed a base rate case seeking an overall increase in annual operating revenues of \$55.3 million, or 11.23%, over present revenues, with an effective date of May 17, 2016. The Company proposed an increase to the residential fixed monthly charge by \$2.76, from \$16.75 to \$19.51. If the Company's proposed rate increase was approved, the bill for a residential customer who purchases 70 therms of gas per month would increase from \$77.33 to \$86.97 per month. On March 22, 2016, the OCA filed a Formal Complaint. Over the next several months, the OCA reviewed the filing and presented testimony addressing the Company's proposed rate of return, revenue and expense claims, cost of service study, and issues relating to its universal service programs. As a result of settlement negotiations, the parties reached a Settlement on all issues, which was filed in September 2016. The Settlement provides for an overall distribution rate increase of \$35 million, or about \$20.3 million less than the rate increase originally requested by the Company. As recommended by the OCA, there will be no increase to the customer charge of \$16.75 per month. The Settlement also addressed a number of universal service and conservation issues.

The Administrative Law Judge issued a Decision recommending approval of the Settlement without modification, which was adopted by Commission Order entered on October 27, 2016.

Docket No. R-2016-2531807. On February 28, 2016, Columbia Gas submitted pre-filing information in support of its annual Purchase Gas Cost (PGC) reconciliation pursuant to Section 1307(f) of the Public Utility Code. On March 22, 2016, the OCA filed a Formal Complaint. The Company proposed to increase its PGC rate, which is currently set at \$0.30994 by \$0.07313/Therm to a rate of \$0.38307 Therm for service rendered on and after October 1, 2016. The OCA submitted testimony raising concern with the adequacy of the Company's filing. Specifically, the OCA recommended that the Company be required to provide support regarding its retainage rate increase, its affiliate transactions, and its new DTI contracts. The Company subsequently filed Rebuttal Testimony which provided the supporting information that the OCA sought.

In June 2016, the parties filed a Joint Petition for Settlement resolving all issues. As part of the Settlement, the Company agreed to identify any affiliate transactions in its future 1307(f) filings. In July 2016, the ALJ issued a Recommended Decision recommending that the Settlement be adopted. On September 26, 2016, the Commission entered an Order approving the Settlement without modification.

Docket No. R-2017-2591326. On February 28, 2017, Columbia Gas submitted its pre-filing information in support of its annual Purchased Gas Cost filing proposing an increase in gas cost rates. On March 8, 2017, the OCA filed a Complaint against Columbia Gas' PGC filing to ensure that the rates proposed were just, reasonable, and otherwise consistent with Commission Regulations and sound ratemaking policy. The OCA conducted an extensive review of the Company's purchasing practices. In response to other Intervenor testimony, the OCA filed Rebuttal testimony concerned with modifications to the Company's balancing service provisions and the impact that changes would have on Residential customers. The Company and parties reached a full Settlement of all issues in the proceeding. In the Settlement, the parties agreed to maintain the existing balancing service tariff. The Commission approved the Settlement on September 21, 2017.

Mountain Energy LTD

Docket Nos. A-2013-2396198, A-2013-2397326, A-2013-2397328, R-2015-2496404, A-2015-2507377. On December 9, 2013, Mountain Energy filed an Application for Approval to abandon service to eighty-six residential customers located in Greene County, Pennsylvania, sell certain assets and abandon its certificate to serve in Pennsylvania. In the Application, Mountain Energy indicated it needed to abandon

service to its customers because it lacks the ability to provide adequate, safe and reasonable service in the future. The Company proposed to provide a monetary contribution to assist the customers who would be abandoned in acquiring an alternative fuel source. Additionally, Mountain Energy indicated that it had sold all of its jurisdictional gas leases, wells and gathering systems to Leatherwood, Inc. in a series of transactions between 2006 and 2009, for which it had not obtained PUC approval.

The Company, the OCA, I&E, Peoples, and Leatherwood engaged in a series of discussions relating to the feasibility of transferring a portion of Mountain Energy's remaining customers to Peoples. On February 13, 2015, the Active Parties reached an Agreement in Principle, in which the Active Parties determined that a majority of Mountain Energy's remaining customers could be economically transferred to Peoples. The Active Parties held in-person meetings with the Mountain Energy customers on May 18-19, 2015 in the service territory area to discuss how Peoples would proceed and which customers could be served. The Active Parties also answered questions and discussed how the procedure would work moving forward.

On August 3, 2015, Mountain Energy made a filing at Docket No. R-2015-2496404 for the temporary addition of a Gas Cost Rate to its tariff until Peoples took over the system, as contemplated by the Agreement in Principle.

On October 1, 2015, Peoples filed an Application to acquire certain jurisdictional facilities owned by Mountain Energy and Leatherwood and to transfer seventy-seven Mountain Energy utility customers to Peoples to effectuate the Agreement in Principle (Peoples' Application) at Docket No. A-2015-2507377. In the Peoples' Application, Peoples provided that the facilities being acquired by Peoples have no book value and are being acquired at no cost. The Company anticipated the need to invest approximately \$3 million to \$6 million during the first year of operation for 1.5 miles of new pipeline extensions and two to five miles of pipeline replacement and to invest additional capital for replacements over the following four years. To remove disincentives to making needed capital improvements, Peoples and the Active Parties agreed to a deferral mechanism that will provide Peoples the opportunity to include the annual revenue requirement associated with investment costs for recovery in a future rate case. In addition to capital costs, Peoples also anticipated incurring approximately \$150,000 per year in operation and maintenance expense related to these facilities. Peoples and the Active Parties agreed to reimbursement to Peoples by Mountain Energy for a portion of Peoples' projected Operation and Maintenance (O&M) costs (\$1,500 for each customer transferred to Peoples) and a cost recovery procedure for Peoples that provides for the filing of a 1308(b) non-general rate case for on-going recovery of O&M costs, 66 Pa. C.S. § 1308(b).

On October 9, 2015, Mountain Energy filed an Amended Application to reflect the proposed transfer of the majority of Mountain Energy's customers to Peoples which, if approved, would decrease the number of customers that would have to be converted to another fuel source. The amendment also increased the monetary contribution by Mountain Energy to assist customers who will not be transferred to Peoples in converting to another fuel source. On February 3, 2016, the Active Parties filed a Joint Petition for Settlement seeking approval of Mountain Energy's applications, as modified.

Through its participation in these proceedings, the OCA helped to ensure that Mountain Energy's customers, who were potentially being abandoned or transferred to Peoples, were afforded adequate protection and reasonable treatment by Mountain Energy and Peoples. In addition, the OCA helped to ensure that actions taken in this matter were in the best interests of Mountain Energy's and Peoples' customers and were in accord with the Public Utility Code and the Commission's regulations. The OCA also helped to ensure that any costs incurred by Peoples will be reasonable and in accord with the Public Utility Code.

In his Recommended Decision dated May 2, 2016, the ALJ recommended that the Joint Petition be modified to include the purchase gas cost rate of zero instead of the agreed-to rate of \$4.672 and that the Commission approve and adopt the Joint Petition subject to this modification. On July 21, 2016, the Commission issued an Order consistent with the ALJ's recommendation. On December 22, 2016 the PUC issued a subsequent Order denying a Petition for Relief opposing certain provisions of the Settlement.

National Fuel Gas Distribution Corp. (NFGD)

Docket No. R-2017-2582461. On December 30, 2016, National Fuel Gas Distribution Corporation submitted its purchased gas cost pre-filing in support of its annual Section 1307(f) reconciliation. The Company's pre-filing projected an increase to the purchased gas cost rate of \$0.4312/Mcf, to a rate of \$4.4754/Mcf. The OCA filed a Formal Complaint on January 19, 2017. The OCA submitted testimony regarding two issues. The OCA recommended that the Company eliminate its current practice of truncating sales volumes in its quarterly PGC rate calculations because the practice increased rate volatility for ratepayers. The OCA also recommended that the Company affirmatively investigate whether the current demand charge rate structure is reasonable at the next opportunity before the Federal Energy Regulatory Commission. Settlement was reached on all issues except for elimination of the Company's practice of truncating sales volumes.

A hearing was held on March 30, 2017. Briefs were filed regarding the one issue in dispute. The ALJ issued a Recommended Decision and approved the OCA's proposal

to eliminate the truncation mechanism. On July 12, 2017, the Commission issued an Order approving the ALJ's recommendation consistent with the OCA's position in the case.

PECO Energy Co. – Gas (PECO-Gas)

Docket Nos. R-2016-2545925, C-2016-2547692. On April 29, 2016, PECO-Gas submitted its purchased gas cost pre-filing in support of its annual Section 1307(f) reconciliation. The OCA filed a Formal Complaint on May 26, 2016, to help ensure that the proposed PGC rates are consistent with a least cost fuel procurement policy and do not result in rates and charges that are excessive or unreasonable, discriminatory, or otherwise contrary to Commission regulation or policy.

PECO made its definitive filing on May 31, 2016, which indicated a proposed decrease in purchased gas cost rates for general retail sales service for residential customers from the June 1, 2016 effective rate of \$3.9734/Mcf to a December 1, 2016 proposed rate of \$3.7590/Mcf, a decrease of \$0.2144/Mcf. In testimony, the OCA identified several issues regarding PECO's hedging program.

The parties reached a Settlement that was filed in August 2016. The Settlement contained several key provisions that are designed to ensure continued PGC-related benefits to ratepayers. Importantly, the Settlement made several modifications to PECO's proposed ratable hedging program to ensure that the program will provide some measure of price stability in the portfolio and protect the Company from paying above market prices.

In September 2016, the ALJ issued a Recommended Decision, recommending that the Settlement be approved without modification. By Order entered October 20, 2016, the Commission adopted the ALJ's Decision and approved the Settlement.

Docket No. R-2017-2602611. On April 28, 2017, PECO-Gas submitted its purchased gas cost pre-filing pursuant to Sections 53.64 and 53.65 of the Public Utility Commission's (Commission) regulations, 52 Pa. Code §§ 53.64, 53.65. The OCA filed a Formal Complaint in this proceeding on May 30, 2017 to help ensure that the proposed PGC rates are consistent with a least cost fuel procurement policy and do not result in rates and charges that are excessive, unjust or unreasonable, discriminatory, or otherwise contrary to Commission regulation or policy (C-2016-2547692). On May 31, 2017, PECO filed its PGC No. 33 filing with the Commission.

The OCA thoroughly reviewed the Company's filing and found that PECO's gas program is generally operating reasonably well and in a manner consistent with prior PGC settlement requirements. The Company, however, had discovered two errors that

caused the Balancing Service Charge (BSC) costs to be overstated and the Sales Service Charge (SSC) costs to be understated by approximately \$25.7 million for the period January 2015 to January 2017. The OCA submitted that PECO's ratepayers should not be penalized for PECO's errors in the reallocation of these costs.

The parties were able to reach a Settlement to resolve all issues in this proceeding. The Settlement contains several key provisions pertaining to the reallocation of BSC and SSC costs, which will help to ensure that PECO's ratepayers will not be penalized for PECO's errors. The Settlement also provides benefits for ratepayers through: (1) the extension of the Ratable Hedging Program for an additional year, which will continue to provide some measure of price stability in the Company's portfolio and protect the Company from paying above market prices; (2) the continued allocation of a portion of the cost of company gas use to transportation customers; and (3) the extension of the Company's off-system sales and capacity release revenue sharing mechanism through November 30, 2020, which provides a reasonable incentive for the Company to engage in such activity.

At the end of the Fiscal Year, the parties awaited a Recommended Decision.

Peoples Natural Gas Co. LLC

Docket Nos. R-2016-2542918, R-2016-2542923. On April 29, 2016, Peoples and Peoples-Equitable Division filed tariff supplements with the Commission seeking approval to implement Rate MLX to replace its pilot program entitled Pilot Rider H - Service Expansion Tariff (Rider SET). Rider SET is an alternative to the Company's main extension tariff that allows customers to pay the uneconomic portion of the main extension project through a monthly surcharge on their bills. Rider SET was intended to reduce the financial barriers faced by consumers seeking natural gas service in areas where natural gas is currently unavailable. Rate MLX, if approved, would allow customers to pay the uneconomic portion through higher delivery charges instead of as an upfront lump payment. Customers would no longer have the option of paying their uneconomic portion through a monthly surcharge. Under the proposal, the Company would apply Rate MLX for each Mcf of gas used. The applicable rate a customer would be charged is at the discretion of the Company, but within the range provided in the filing.

On May 26, 2016, the OCA filed a Formal Complaint. The OCA submitted testimony raising several concerns with the Companies' proposal and offered recommendations addressing those concerns. The parties entered into a Settlement that was filed in September 2016. Consistent with the OCA's recommendation, the Settlement provides a tiered rate structure that simplifies Rate MLX and makes it more feasible for the

Companies and other interested parties to periodically evaluate the rates for each project. As recommended by the OCA, the program is converted to a 5-year pilot, which provides the opportunity to monitor and evaluate Rate MLX before deciding to approve a permanent program. Finally, the Settlement provides for periodic evaluation of the projects to ensure that participating customers are not overcharged for their mains extension project.

The ALJ recommended approval without modification in a decision issued on October 20, 2016. The Commission entered an Order approving the Settlement on November 9, 2016.

Docket No. R-2017-2586310. On March 1, 2017, Peoples Natural Gas Co. submitted its pre-filing information in support of its annual Purchased Gas Cost filing proposing an increase in gas cost rates. On March 28, 2017, the OCA filed a Complaint to ensure that the rates proposed were just, reasonable and otherwise consistent with Commission Regulations and sound ratemaking policy. The OCA conducted an extensive review of the Company's purchasing practices. The OCA recommended that a portion of the costs associated with Peoples' Dominion Transmission, Inc. (DTI) storage and firm transportation arrangements should be included in the design of the balancing charges assessed to non-priority-one (NP-1) transportation customers. The OCA also recommended that Peoples should adopt separate retainage charges for its gathering and distribution systems. The parties reached a full Settlement of all issues.

The Settlement provided that the DTI Rate Schedule GSS deliverability and capacity costs under Contract 300196 and the DTI Rate Schedule FT capacity costs under Contract 200654 will be included in determining the NP-1 balancing charges beginning on October 1, 2017. This resulted in balancing charges for Rate Class SGS and MGS customers of \$0.3571 and for LGS customers of \$0.0920. These compare with the rates originally proposed of \$0.3113 for Rates SGS and MGS and \$0.0802 for Rate LGS. This provision directly addressed the OCA's position where it advocated for a portion of the DTI costs to be borne by transportation (specifically NP-1) customers by way of an adjustment to the Companies' balancing charges.

The Settlement also addressed the OCA's second recommendation that the Company adopt separate retainage charges for their distribution and gathering systems to better address lost and unaccounted for gas (UFG). Under the Settlement, the Company agreed to produce a report from their UFG team for next year's PGC case that will analyze and recommend mitigation measures for UFG on their system, with specific focus on the gathering system. The Company also committed to examining this issue in its next base rate proceeding. Peoples had assembled a cross functional team led by a

new, senior, full-time manager whose primary job description will be managing UFG activity. For these reasons, the OCA supported the Settlement.

A Recommended Decision supporting approval of the Settlement was issued by the Office of Administrative Law Judge on July 21, 2017. On August 31, 2017, the Commission issued an Order adopting the Recommended Decision and approving the Settlement.

Peoples – Equitable Division (Equitable)

Docket No. P-2016-2562220. On August 17, 2016, Equitable filed a Petition seeking approval to amend its current Universal Service and Energy Conservation Plan. The amendment sought a revision to the funding stream for its LIURP Pilot Emergency Furnace & Line Repair Assistance Program. This program provides for assistance with the repair or replacement of heating and gas lines for customers with incomes at or below 200% of the Federal Poverty Level. The Company requested to recover the funds through its universal service rider, Rider F, to support continuation of the program.

On September 9, 2016, the OCA filed an Answer in support of the Petition. In its view, continuation of the programs would reduce overall energy bills, control overall high usage, and overall make homes more energy efficient. On December 8, 2016, the Commission approved the Company's Petition without modification.

Docket Nos. R-2016-2528562, R-2016-2529260. On April 1, 2016, Peoples and Peoples - Equitable Division submitted their formal 2016 PGC filing. See additional information under Peoples, above.

Docket Nos. R-2016-2542918, R-2016-2542923. On April 29, 2016, Peoples and Equitable filed tariff supplements with the Commission seeking approval to implement Rate MLX to replace its pilot program entitled Pilot Rider H - Service Expansion Tariff. See companion write-up for Peoples, above.

Philadelphia Gas Works (PGW)

Docket No. M-2016-2542415. On April 28, 2016, Philadelphia Gas Works filed its Universal Service and Energy Conservation Plan for 2017 through 2020, in accordance with the Commission's regulations at 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation requirements. On November 16, 2016, PGW filed an Amended USECP. On January 26, 2017, the Commission entered a Tentative Order on the Plan which requested that PGW provide supplemental information and requested comments from interested parties. In February 2017, PGW filed the supplemental information.

On March 7, 2017, the OCA filed Comments focused on helping eligible customers to enroll in programs that will help them to maintain service through affordable bills. Specifically, the OCA addressed: percentage of income vs. budget bill; pilot consumption limits; verification of Customer Responsibility Program (CRP) customers; CRP future intake process; CRP Home Comfort (LIURP), including eligibility, proposed health and safety pilot program, and budget; Hardship Fund; the needs assessment; use of community-based organizations to increase CRP applications; potential improvements to the CRP outreach proposal; retroactive arrearage forgiveness and the use of annual tax returns for self-employed individuals. In April 2017, the Commission requested additional information regarding the filing. After PGW provided that information, the OCA filed additional Comments in support of CAUSE-PA and TURN *et al.*'s position regarding the CARES staffing levels. At the end of Fiscal Year 2016-2017, the matter was pending before the Commission.

Docket No. P-2014-2459362. On December 23, 2014, PGW filed its Petition for Approval of Demand-Side Management Plan (DSM) for FY 2016-2020 (Phase II Plan) and PGW Universal Service and Energy Conservation Plan for 2014-2016. PGW proposed to continue five of the existing seven DSM programs and proposed to add two new programs: a Low-Income Multi-family Program and a fuel switching program. The Company estimated that the Phase II programs will cost approximately \$25 million from FY2015 through FY2020. Phase II of the program would increase the rates for non-CRP residential customers by 0.6% to 0.7% for each year of the program through 2020. PGW also proposed to recover costs for a Conservation Adjustment Mechanism (CAM) and a Performance Incentive Mechanism. PGW also requested all necessary waivers of Chapter 58 to permit the CRP Home Comfort Program to satisfy its regulatory Low Income Usage Reduction Program (LIURP) requirements.

The OCA filed an Answer and testimony. The OCA opposed the Company's proposed Conservation Adjustment Mechanism and Performance Incentives. The OCA also challenged inclusion of the Efficient Fuel Switching program as an energy efficiency program when it would actually increase PGW's load. The OCA opposed the Company's proposed budget modifications and requests for waiver of the Commission's regulations regarding LIURP.

The ALJ issued a Recommended Decision on March 18, 2016, in which he adopted the OCA's recommendations regarding the CAM, Performance Incentives, Efficient Fuel Switching program, the LIURP budget and the LIURP regulation waiver requests, and the proposed On-Bill Repayment program. On August 4, 2016, the Commission adopted the ALJ's Recommended Decision regarding all issues except the LIURP budget. The Commission issued a Tentative Order and requested comments from interested parties. On August 15, 2016, the OCA filed Comments recommending that

the LIURP budget be maintained at the current level of \$7.6 million per year. On November 1, 2016, the Commission issued its Order regarding the LIURP budget issue. In its Order, the Commission approved a \$5.9 million LIURP budget for FY2017. The LIURP budget will be subject to updates as part of PGW's Universal Service and Energy Conservation Plan for 2017-2020.

Docket No. P-2015-2501500. On September 1, 2015, PGW filed a Petition seeking approval to waive the statutory limitation on its DSIC and to begin charging customers on January 1, 2016 an annualized amount of the total costs of improvements that it plans to make sometime during the calendar year – \$33 million or 7.36%. After the fact, PGW proposed to file and seek approval of a Long-Term Infrastructure Improvement Plan (LTIIP) that supports this level of spending. If the Company does not spend as much as projected or revenue is different than what was assumed in calculating the Distribution System Improvement Charge (DSIC) rate, PGW proposed to reconcile and refund the over-collection in April 2017, as long as 16 months after customers were overcharged. Conversely, if the Company under collects, it proposed to charge customers above 7.5%, up to 10% of a customer's distribution bill.

In expert testimony and briefs, the OCA opposed the waiver because the 5% cap is an important consumer protection that limits the amounts utilities can charge ratepayers without base rate review. In addition, PGW's service territory has the highest percentage of households in "deep poverty" of any large city in the United States. The OCA argued that PGW did not show that it is reasonable for customers to pay an increased DSIC without any contribution from its owner, the City. Nor did it show that it is reasonable for customers to pay for projects that might never be performed and before even the plan for doing the projects is subject to review. The Company did not show that its cash flow methodology means that, unlike every other utility that manages its under-collections within the DSIC cap, PGW must have an additional 50% DSIC increase to raise the overall cap to 10%. Finally, the OCA objected to PGW's failure to obtain Commission approval of a modified LTIIP to support a greater level of investment, prior to charging customers DSIC rates above 5%.

The OCA also argued that if the Commission waives Act 11 to allow the Company to charge an annualized, levelized DSIC rate: (1) PGW should not have unfettered discretion whether or not to make an adjustment to reduce over or under-collections each quarter, (2) any pre-collected DSIC revenue should be required to be spent on DSIC projects or returned to customers and (3) the Company should expand its efforts to enroll customers in Budget Billing to mitigate the impact of higher DSIC charges on winter bills.

On January 28, 2016, the Commission entered an Order denying the Company's request to increase the cap to 10% for purposes of reconciliation. PGW filed a Petition for Reconsideration of Order on February 12, 2016, which the OCA opposed. On June 9, 2016, the Commission voted to increase the cap temporarily to allow recovery of an \$11.4 million underrecovery over a two-year period. At the end of two years, the DSIC rate will return to 7.5%.

Also on February 12, 2016, PGW filed a Petition to Amend its LTIP. The OCA filed Comments to Amended LTIP on March 14, 2016, recommending that additional information be provided in order for the Commission to determine if the modified LTIP accelerates infrastructure repair and replacement in a cost-effective manner. The Petition remains pending.

Docket No. R-2017-2586783. On February 27, 2017, PGW filed a tariff supplement seeking an increase in annual distribution revenues of \$70 million. Specifically, the Company proposed to increase the residential monthly customer charge from \$12.00 per month to \$18.00 per month, or by 50%. Additionally, for a residential customer, the delivery charge would increase from \$6.0067/Mcf to \$6.7275/Mcf, or by 12%. According to the Company's filing, the bill for a typical PGW residential heating customer who uses 76 Mcf per year would increase from \$94.06 to \$104.65 per month, or by 11.3%. The OCA intervened on March 6, 2017. The OCA submitted testimony supporting its position that the proposed customer charge increase is unreasonable and the revenue increase of \$70 million is likely overstated. At the end of Fiscal Year 2016-2017, the parties were engaging in settlement discussions.

Docket No. R-2017-2587526. On February 9, 2017, PGW submitted pre-filing information supporting its annual gas cost reconciliation pursuant to Section 1307(f). The OCA filed a Formal Complaint on February 21, 2017. On March 1, 2017, PGW filed its definitive 1307(f) filing. Relative to the March 1, 2017 rate of \$4.9430/Mcf, the Company's definitive filing anticipated a decrease of \$0.1278/Mcf, to a rate of \$4.8152/Mcf, to be effective September 1, 2017. The OCA submitted Direct Testimony regarding two issues. The OCA recommended that the Company modify its purchasing strategy to purchase its suppliers from the Zone M-2 to ensure that the Company adhered to a least cost procurement strategy. The OCA also recommended that the Company correct an issue with the calculation of the Company's retainage rate. The parties agreed to a Settlement that adopted both of the OCA's recommendations. In June 2017, the ALJ approved the Settlement. At the end of the 2016-2017 Fiscal Year, the matter was pending before the Commission.

UGI Central Penn Gas, Inc. (CPG)

Docket No. P-2016-2537609. On March 31, 2016, the three UGI utilities filed Petitions for Waiver of the 5% DSIC cap. The OCA filed Answers opposing the Petitions on April 19 and 20, 2016, based on its preliminary position that there is no evidence that any of the utilities are unable to replace infrastructure at an accelerated pace by filing base rate cases using the Act 11 fully forecasted future test year mechanism and a DSIC within a 5% cap. The OCA submitted testimony recommending that the UGI-CPG and UGI-PNG petitions be denied because the utilities did not meet the statutory burden of showing that waiver of the cap was necessary to maintain safe, adequate and reasonable service. UGI-CPG and UGI-PNG had made substantial progress in replacing infrastructure with a 5% cap and had not filed a base rate case in 6 and 8 years, respectively. Neither utility had utilized a fully-forecasted future test year. The Recommended Decisions were issued on December 1, 2016 and December 5, 2016 for UGI-PNG and UGI-CPG, respectively. The ALJ allowed waiver of the 5% cap and approved a cap of 8.65% for CPG and 6.89% for PNG. All parties excepted to the ALJ's calculated new caps. The OCA also filed Reply Exceptions in January 2017 opposing waiver and an increase to 7.5 or 10% because the specific increases were not supported, the ALJ used an improper standard and the Company does not meet the statutory standard for waiver.

The Commission entered Orders on May 10, 2017 granting a waiver to both utilities. The Commission reduced the cap approved by the ALJ from 8.65% to 7.5% for CPG and increased the ALJ's cap from 6.89% to 7.5% for PNG. The Commission made the waivers temporary, until the Companies' next LTIIP filings. Importantly, the Commission rejected the ALJ's implication that 7.5% recovery should be retroactive and stated clearly that the increase above 5% is prospective only. These changes were in response to arguments by the OCA and other statutory advocates and serve to maintain a DSIC that is lower than the permanent waiver of the cap to 10% that was requested in UGI-CPG's and UGI-PNG's filings.

The Office of Small Business Advocate filed a Petition for Reconsideration of the Commission's Order regarding UGI-CPG on the basis that the Commission overlooked or did not address evidence showing there is no need for the waiver and alleging the Commission failed to follow its own standard for granting waiver of the DSIC cap. The Commission granted the Petition pending review of the merits on June 2, 2017; its Order on the merits was pending at the close of the Fiscal Year.

Docket No. R-2016-2543311. On April 29, 2016, CPG submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f). On May 12, 2016, the OCA filed a Formal Complaint against the filing. In its

definitive filing, CPG proposed a PGC rate of \$3.2229/Mcf for the residential class, which is an increase of \$0.1814/Mcf or 1.6% more than its current PGC rate. The OCA filed testimony raising concerns regarding cost recovery of the Shippensburg Gate Station improvement costs. The parties reached a Settlement agreement that addressed the OCA's concerns by accepting the OCA's cost sharing recommendation.

In an Order entered October 27, 2016, the Commission adopted the recommendation of the ALJ and approved the Settlement without modification.

Docket No. R-2017-2602627. On May 1, 2017, UGI CPG submitted its pre-filing information in support of its annual reconciliation of PGC rate pursuant to Section 53.64 and 53.65 of the Commission's Rules and Regulations. On May 10, 2017, the OCA filed its Formal Complaint against the Company's filing.

UGI CPG made its definitive filing on June 1, 2017. The Company proposed a PGC rate of \$4.9531 per Mcf for the residential class, which is the same as the current PGC rate. At the end of Fiscal Year 2016-2017, the OCA was preparing testimony in support of its positions regarding the accuracy of the design day projection for the North Penn operating area and the Company's method of calculating quarterly PGC rate changes.

UGI Gas Co. (UGI-GD)

Docket No. P-2013-2398833. On December 12, 2013, the three UGI Companies separately filed Petitions for approval of their Long-Term Infrastructure Improvement Plans. On January 2, 2014, the OCA filed Comments to each. On September 11, 2014, the Commission entered a combined Opinion and Order approving the UGI, PNG and CPG LTIIPs.

On February 29, 2016 all three utilities filed Petitions to modify their approved LTIIPs and further accelerate replacement of infrastructure, which were approved by Commission Order entered on June 30, 2016.

In the same docket, UGI-GD filed a Petition to establish an initial Distribution System Improvement Charge (DSIC) on March 31, 2016. The OCA filed an Answer on April 19, 2016. The OCA asked the Commission to deny the Petition until a record was developed to determine whether the costs associated with gathering lines, storage and "other related capitalized costs" are properly recovered through the DSIC.

A Final Order was entered on November 9, 2016, which approved the DSIC subject to refund and referred to the OALJ the issue whether or not customers should be exempt from the DSIC. In addition, the OCA raised tax issues that had become relevant in light of the passage of Act 40, 66 Pa. C.S. § 1301.1 (2016). The parties reached a proposed

Settlement, which was filed on May 18, 2017. The Settlement provided that, in the future, if certain customers who currently meet the Commission's requirements for exemption from the DSIC no longer meet those requirements, UGI-GD will apply the DSIC rate to those customers. This ensures that all customers who should be contributing to the costs of distribution improvements recovered by surcharge, are contributing.

Because a final order in this proceeding will be entered after the effective date of Act 40, the OCA recommended that federal and state income tax deductions generated by DSIC investment should be reflected in UGI-GD's DSIC calculations. In the Settlement, UGI-GD agreed that it will comply with the Commission's disposition of the issue in the pending FirstEnergy DSIC proceedings. If the OCA prevails in those cases, UGI-GD's customers will benefit from a reduced DSIC rate if UGI-GD receives tax benefits from investment recovered through the DSIC.

In June 2017, the ALJ issued a decision recommending approval of the proposed Settlement. At the end of Fiscal Year 2016-2017, the Commission entered an Order adopting the ALJ's recommendation and approving the Settlement.

Docket No. P-2016-2537586. On March 31, 2016, the three UGI utilities filed Petitions for Waiver of the 5% Distribution System Improvement Charge cap. The OCA filed Answers opposing the Petitions on April 19 and 20, 2016, based on its preliminary position that there is no evidence that any of the utilities are unable to replace infrastructure at an accelerated pace by filing base rate cases using the Act 11 fully forecasted future test year mechanism and a DSIC within a 5% cap. UGI-GD's Petition was pending before the Commission at the end of the 2016-2017 Fiscal Year.

Docket No. P-2017-2607269. On June 2, 2017, UGI-GD filed a Petition seeking to "Establish a Schedule for the Installation of Daily Metering Facilities on all Rate IS (Interruptible Service) and Rate DS (Delivery Service) Accounts." The OCA filed an Answer to the Petition on June 22, 2017. In its Answer, the OCA raised concerns with the Company's proposed cost recovery of its non-residential meter plan. UGI estimated that installation costs will be approximately \$2.65 million, with ongoing operating costs of approximately \$0.52 million per year. Under the filing, the proposal would primarily benefit NGSs by reducing the number of billing pools to be managed for Rate IS and DS customers, and any benefit to residential customers or to retail markets is indirect at best and was not quantified by UGI. The proceeding was assigned to an Administrative Law Judge.

Docket No. R-2015-2518438. On January 19, 2016, UGI-GD filed a tariff proposing to increase base rates to produce additional annual operating revenues of \$58.56 million,

or by 17.5%. The OCA filed a Formal Complaint against the proposed rate increase on February 2, 2016.

The OCA submitted testimony addressing rate of return, revenue and expense claims, cost of service study, the proposed Energy Efficiency & Conservation Plan, and issues relating to the Company's universal service programs. The OCA worked with the other parties to achieve a Settlement that was filed on June 30, 2016. The Settlement provided for an overall distribution increase of \$27 million, or about \$31.56 million less than the amount originally requested by the Company. The residential customer charge would increase from \$8.55 to \$11.75 per month, rather than to \$17.50 per month as originally proposed. The Settlement also addressed a number of other issues including environmental remediation costs, billing determinants, transportation charge and interruptible class revenues, energy efficiency and conservation, and universal service issues. At the end of the Fiscal Year, the ALJ's recommendation was pending.

Docket No. R-2016-2543309. On April 29, 2016, UGI-GD submitted its 2016 pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f). On May 12, 2016, the OCA filed a Formal Complaint against the filing.

In its definitive filing, UGI-GD proposed a PGC rate of \$4.8003/Mcf, which is an increase of \$0.5341/Mcf, or an increase of 6% to a typical Residential Heating customer's bill. The OCA filed testimony in June 2016 addressing the Company's peaking service and asset management services RFP results. The parties reached a Settlement addressing these concerns. In September 2016, the ALJ recommended approval. In an Order entered October 27, 2016, the Commission approved the Settlement without modification.

Docket No. R-2017-2602638. On May 1, 2017, UGI Gas submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 10, 2017, the OCA filed its Formal Complaint against the Company's filing.

UGI Gas made its definitive filing on June 1, 2017. The Company proposed a PGC rate of \$6.5015 per Mcf for the residential class, which is the same as the current PGC rate.

At the end of Fiscal Year 2016-2017, the OCA was preparing testimony in support of its positions regarding the recovery of LNG facility costs, capacity assignment, and the Company's method of calculating quarterly PGC rate changes.

UGI Penn Natural Gas, Inc. (PNG)

Docket No. P-2016-2537594. On March 31, 2016, the three UGI utilities filed Petitions for Waiver of the 5% DSIC cap. See companion write-up for UGI-CPG, Docket No. P-2016-2537609.

Docket No. R-2016-2543314. On April 29, 2016, PNG submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 12, 2016, the OCA filed a Formal Complaint against the filing. PNG made its definitive filing on June 1, 2016. The Company proposed a PGC rate of \$3.0248/Mcf for the residential class, which is the same as its current PGC rate in effect as of June 1, 2016.

Following the submission of testimony, the parties reached a Settlement agreement and filed a Stipulation in Settlement on August 16, 2016. The Settlement addressed the OCA's concerns regarding peaking service RFP results and included an appropriate cost sharing mechanism for the Company's recovery of LNG supply costs in the Forest City area.

In an Order entered October 27, 2016, the Commission adopted the recommendation of the ALJ and approved the Settlement without modification.

Docket No. R-2016-2580030. On January 19, 2017, UGI PNG filed a tariff supplement proposing to increase rates by \$21.7 million, or 10.4% on a total annual revenue basis, effective on March 20, 2017. Specifically, PNG proposed to increase the residential monthly customer charge from \$13.17 to \$18.50, an increase of nearly 40%. Under UGI-PNG's proposal, the monthly bill of a residential customer using 91.2 ccf per month would increase from \$78.53 to \$86.87 per month, or by 10.6%. If PNG's entire request were approved by the Commission, PNG would be allowed an 11.2% return on common equity. Moreover, PNG is proposing a new Energy Efficiency and Conservation Program for residential and commercial customers and a new natural gas Technology and Economic Development Rider for commercial customers. On January 24, 2017, the OCA filed a Formal Complaint. The OCA recommended adjustments supporting lesser overall rate increases and more gradual movement of the companies' primary customer classes toward the average cost of service.

The parties reached a proposed Settlement, which was filed on June 30, 2017. The Settlement provided for an overall base revenue increase of \$11.25 million, approximately \$10.45 million less than the rate increase amount originally requested by PNG of \$21.7 million. Moreover, under the Settlement, the residential class would receive a 5.7% increase in rates rather than the 10.6% increase proposed by PNG. The Settlement allocation is a compromise that reflects the OCA's recommendations by

reducing the burden of the increase on residential customers and moving all classes toward the system average returns.

In its initial filing, PNG did not target any of its proposed EE&C programs specifically to low-income customers. Through expert testimony, the OCA observed that low-income customers pay 19.4% of total residential revenue and that a substantial portion of those customers have usage that is 25% to 30% higher than non-low-income residential customers. Thus, the OCA recommended that PNG add a low-income program component to the EE&C plan. Under the Settlement, PNG agreed to designate \$100,000 per year of its EE&C Plan budget for low income projects that are administered through the Company's Low Income Usage Reduction Program. Additionally, PNG agreed to increase its LIURP budget by \$50,000.

The OCA recommended a base CAP participation of 6,500 participants versus the 7,643 proposed by the Company. The Settlement adopts the OCA's recommendation. Furthermore, the OCA recommended a CAP offset of 14.3% compared to PNG's proposal of 9.1%. Under the Settlement, the CAP offset remains at 14.1%.

Under the provisions of the Settlement, PNG will create a furnace repair and replacement program that will directly benefit ratepayers. This program was proposed by the OCA due to the harms arising from low-income customers relying on inefficient and expensive space heaters, which contribute to unpaid bills, higher working capital, and more bad debt from confirmed low-income customers.

The Settlement was pending before the Presiding Officer at the end of the 2016-2017 Fiscal Year.

Docket No. R-2017-2602633. On May 1, 2017, UGI PNG submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 53.64 and 53.65 of the Commission's Rules and Regulations. On May 10, 2017, the OCA filed its Formal Complaint against the Company's filing.

UGI PNG made its definitive filing on June 1, 2017. The Company proposed a PGC rate of \$4.2459 per Mcf for the residential class, which is the same as the current PGC rate.

At the end of the 2016-2017 Fiscal Year, the OCA was preparing testimony regarding the accuracy of PNG's design day projection, the Company's capacity release program, and the Company's method of calculating quarterly PGC rate changes.

WATER & WASTEWATER: UTILITY-SPECIFIC PUC PROCEEDINGS

Aqua Pennsylvania, Inc.

Docket No. A-2016-2580061. On December 15, 2016, Aqua Pennsylvania Wastewater filed an application with the Commission, under Sections 1102 and 1329 of the Public Utility Code, seeking approval of the acquisition of the wastewater system assets of New Garden Township and the New Garden Township Sewer Authority and an order establishing the fair market value ratemaking rate base of the New Garden wastewater system assets. This was the first case filed under Section 1329, enacted in 2016. On January 17, 2017, the OCA filed a Protest.

Aqua proposed to acquire the sewer assets of the Township and the Authority for \$29.5 million and requested that the same amount be approved for ratemaking purposes as it was lower than the average of the two appraisals provided with its application. In addition, Aqua sought approval of the Asset Purchase Agreement (APA) with the Township and Authority. In the APA, Aqua agreed to keep rates frozen for 730 days for New Garden customers. It also agreed to a 4% Compound Annual Growth Rate ceiling that would keep the rate increases after the first 730 days to no more than 4% compounded annually for New Garden customers. Aqua also agreed to expend approximately \$2.5 million for two projects in the New Garden territory.

Through testimony and briefs, the OCA supported its primary position that the Applicant failed to meet the legal requirements of Section 1102 because the harm to customers outweighed any benefits. In the event the Commission disagreed, the OCA recommended conditions, including the condition that the language in the APA does not restrict the PUC's authority to allocate revenues to the New Garden customers that are in excess of the restrictions shown in the APA. Moreover, Aqua and its shareholders should bear the risk of any shortfall between the revenues it is permitted to recover under its agreement with New Garden and the costs that the Company will incur for this system. The OCA also showed that the average appraisal amount was overstated and the ratemaking rate base amount should be \$28.8 million.

The ALJ recommended that the PUC deny the Application because he agreed with the OCA that there were no affirmative public benefits. The ALJ also provided an analysis of the specific OCA adjustments if the Commission did not agree with him. He adopted two of the OCA's adjustments to the appraisals, and rejected Aqua's and amicus PAWC's arguments that the OCA was not permitted under Section 1329 to make any adjustments to any appraisals.

On June 29, 2017, the PUC entered an Order to approve the transaction and proposed rate base amount of \$29.5 million, with one Commissioner dissenting. The Commission required New Garden to submit a cost of service study separating the costs, capital and operating expenses of providing wastewater service to the acquired customers as a separate rate class and an analysis of the effects of establishing a separate, stand-alone rate zone for the acquired customers. The PUC adopted the OCA's contingent position that (if the transaction is approved), Aqua and its shareholders should bear all risk of a shortfall between revenues it is permitted to recover under its APA and the costs it incurs with respect to the acquired system, *i.e.* that excess costs should not be spread to other ratepayers.

Docket No. A-2017-2586983. On January 31, 2017, Aqua filed an application to acquire the Avon Grove School District wastewater system assets. The OCA filed a Protest on March 6, 2017 raising concerns based on its preliminary review of the application. The Application did not contain information necessary for the OCA to evaluate the Company's estimated expenses and determine whether the proposed rates, rate freeze, purchase price and impact on existing customers are just and reasonable.

Subsequently, the OCA reviewed Aqua's responses to TUS data requests and the OCA and Company participated in informal discovery. On May 23, 2017, Aqua filed a letter with the PUC acknowledging the Commission's ultimate jurisdiction regarding rates charged to customers for utility service and that, to the extent those determinations are in conflict with the provisions of the Asset Purchase Agreement, Aqua bears the burden of that risk. With that additional explanation and commitment, Aqua clarified that the Company – rather than Aqua's existing customers – will bear the risk if there is any shortfall generated by the proposed rate freeze for the Avon Grove School District. Accordingly, the OCA filed a Notice withdrawing its Protest on May 25, 2017. At the end of the Fiscal Year, the PUC entered an Order approving the application and finding that the transaction will not harm existing customers in meeting the needs of new customers.

Docket No. A-2017-2605434. On May 19, 2017, Aqua Pennsylvania Wastewater filed an Application pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of Limerick Township. On June 9, 2017, the OCA filed a Protest.

The OCA provided testimony showing that the claimed benefits of the transaction do not outweigh the substantial adverse impacts for Aqua's existing wastewater customers (and, potentially, its water customers) and the Limerick customers after the third year of Aqua ownership. Accordingly, the OCA recommended that the Commission deny the transaction as proposed. If approved, however, the OCA identified a number of flaws in the appraisals underlying the Company's proposal to add \$75.1 million to rate base and

determined that the appropriate amount for ratemaking purposes was \$60.9 million. The OCA also recommended that the PUC protect existing Aqua wastewater and water customers by conditioning its approval on Aqua and its shareholders bearing any shortfall between the revenues Aqua is permitted to recover under its agreement with Limerick and the costs that Aqua will incur with respect to the acquired system. At the end of the 2016-2017 Fiscal Year, the OCA was preparing additional testimony.

City of Bethlehem

Docket No. P-2016-2528322. On February 8, 2016, Bethlehem filed an initial Long-Term Infrastructure Improvement Plan. The OCA filed Comments on March 9, 2016, which requested additional information for the Commission's review of the LTIIIP. The City filed an Amended LTIIIP Petition on April 5, 2016 providing the information requested by the OCA. The PUC entered an Order on October 27, 2016. At the end of Fiscal Year 2016-2017, City of Bethlehem had not filed a Petition to implement an initial DSIC.

City of DuBois – Bureau of Water

Docket No. R-2016-2554150. On June 30, 2016, City of DuBois filed a request to increase annual base rate revenues by \$257,604 (33.6%) for its PUC-jurisdictional ratepayers who reside outside of the City. If the Company's entire request were approved, the total bill for an outside-city residential customer using 3,800 gallons of water per month with a 5/8-inch meter would increase from \$25.57 to \$34.17, or approximately 33.6% per month.

The OCA filed a Formal Complaint on July 14, 2016 and submitted testimony supporting adjustments to DuBois's proposed rate base, including plant additions, and cash working capital, cost of capital, including capital structure, the cost of debt, and cost of equity, depreciation expense, operations and maintenance expenses, including administrative and general expenses, chemicals and rate case expense. As a result, the OCA recommended a revenue requirement increase of no more than \$50,418. The OCA also made recommendations regarding unaccounted for water calculations and estimates, customer complaint logs, and exercising isolation valves that are necessary to provide safe and reasonable service. These recommendations were addressed in a City/OCA Stipulation where an agreement was reached to implement the OCA recommendations.

On January 9, 2017, the ALJ issued a Recommended Decision on the remaining contested issues. He recommended that DuBois be authorized to implement a \$97,534 annual increase in jurisdictional revenues, with a return on equity (ROE) of 8.62%. The

ALJ adopted all of the OCA's adjustments regarding both additions to, and deductions from, rate base. He adopted a number of the OCA recommended expense adjustments and adopted the OCA's recommended capital structure. On March 16, 2017, the Commission conducted a binding poll and voted in favor of adopting the Recommended Decision with one adjustment, to increase the ROE to 9.3%. The Order, entered on March 28, 2017, authorized the City to increase annual revenues by \$71,133, which – despite the increase in ROE – was lower than the ALJ's recommended revenue increase because it corrected an error in the calculation of the revenue scaleback.

CMV Sewage Co.

Docket No. A-2015-2513381. On November 10, 2015, CMV filed an Application to abandon wastewater service to all 280 of its customers. The OCA filed a Protest on December 7, 2015. The Company did not identify a viable alternative provider or give direct notice to customers of its proposed abandonment. On February 26, 2016, counsel for Company confirmed CMV's decision to continue with the abandonment proceeding rather than seek permission to withdraw and either identify a willing, viable acquiring entity or consider seeking a rate increase in a separate proceeding. On June 27, 2016, the Company filed a Petition to Withdraw its filing. On June 28, 2016, the OCA filed an Answer supporting the withdrawal. The Presiding Officer issued a decision granting approval of the withdrawal in August 2016. On September 29, 2016, the Commission entered an Order granting the Petition and withdrawing the Application.

Columbia Water Co.

Docket No. R-2017-2598203. On June 27, 2017, Columbia Water filed a tariff supplement seeking approval to recover an estimated annual increase in base rate revenues of \$923,668 from customers. This represents an approximate 17.8% increase in the Company's annual revenues at present rates. The Company also sought PUC approval to consolidate the rates of all customers in the Columbia Division and the Marietta Division. For the average residential customer in the Columbia and Marietta divisions, the proposed base rates would increase the monthly bill by 13% and 45%, respectively. At the end of the 2016-2017 Fiscal Year, the OCA was preparing to file a Formal Complaint to ensure that any rate increase is fully justified and that consolidation of the Company's customer rates in this proceeding is appropriate.

Community Utilities of Pennsylvania, Inc. (CUPA)

Docket No. A-2017-2583679. On January 5, 2017, CUPA filed an application seeking a Certificate of Public Convenience to serve wastewater in an additional portion of West

Bradford Township, in Chester County. The OCA filed a Protest on February 6, 2017, raising concerns that CUPA did not establish in its application that it had the requisite fitness to serve, including whether its existing system had adequate capacity for the additional wastewater flow from the requested territory; did not specify how the acquisition would impact rates for existing customers and whether the proposed rates were just and reasonable; and did not provide information regarding the estimated capital investment to extend service or identify what entity will pay for the extension, for the Commission and the OCA to review the reasonableness of the proposed expansion.

In response to the OCA's Protest, CUPA amended its application by submitting supplemental information. That information helped to complete the record before the PUC and addressed the concerns raised in the OCA's Protest. Accordingly, on March 10, 2017, the OCA filed Notice of Withdrawal of its Protest. At the end of the Fiscal Year, the parties awaited a Commission Order.

Docket No. R-2016-2538660. On April 6, 2016, Community Utilities of Pennsylvania, Inc. filed a request to increase its base rates to become effective June 5, 2016. CUPA also seeks Commission approval to consolidate the rates of all water customers in the service territories formerly known as Penn Estates Utilities, Inc. and Utilities, Inc.-Westgate. The OCA filed a Formal Complaint. Public input hearings were held on July 8, 2016 in each service territory.

The parties reached a resolution of all issues and filed a Petition for Joint Settlement in September 2016. The Settlement provided for an overall annual revenue increase of \$345,000, or 32.22%, compared to the Company's request of \$427,817, or 39.96%. The parties agreed that rates of the two subsidiaries can be consolidated over time, and the Company will begin the move to consolidation in this case by consolidating its customer charge, wherein typical Penn Estates residential customers and typical Utilities Westgate residential customers with 5/8" meters will be charged a customer charge of \$17.25 per month. A customer in the service territory formerly known as Penn Estates, using 4,000 gallons of water per month, would experience a rate increase from \$30.98 to \$42.29, or by 36.5% compared to the 50.5% increase proposed by the utility. A customer in the service territory formerly known as Utilities Westgate, using 4,000 gallons of water per month, would experience a rate increase from \$38.03 to \$46.33 per month, or by 21.8% compared to the 22.6% increase proposed by the utility.

The gradual consolidation of rates between customers in the Penn Estates and Utilities Westgate service territories helps to ensure the avoidance of rate shock for customers in the Penn Estates service territory who were paying a rate lower than that of Utilities Westgate customers prior to the Company's filing.

Under the proposed Settlement, the Company cannot file for another general rate increase prior to January 6, 2018. If the Company files as soon as the stay out expires and if the next case is fully litigated, then the current rates would be in effect for approximately 21 months. Thus, the stay out will provide for some level of rate stability for the Company's customers.

Pursuant to the terms of the Settlement, the Company will provide the OCA and I&E periodic reports and confirmation of capital projects as set forth in the Company's testimony. This Settlement provision will help to ensure that the Company is making necessary capital improvements to its distribution system.

The Company agreed to investigate the quality of service issues raised by consumers at the Penn Estates public input hearing and provide a report on its investigation to the OCA and I&E. This provision will also help to ensure that customers receive quality, uninterrupted water service. The proposed Settlement is pending review by the presiding officer.

The ALJ recommended approval of the Settlement Petition and the Commission adopted the recommendation on November 9, 2016. The Settlement rates took effect on January 5, 2017.

Cornwall Borough

Docket No. P-2015-2476211. The Borough of Cornwall filed a Petition for Declaratory Order on April 10, 2015. Cornwall sought an Order concluding that the provision of water service to customers outside of its municipal boundaries does not constitute the provision of public utility service pursuant to the Public Utility Code. The Petition was instigated by Cornwall's decision to terminate the existing water Authority. The Authority currently serves 1,351 customers, 47 of whom reside outside of the Borough. In addition, the Borough had agreed to provide service to an additional 25 residential customers in a neighboring municipality. The OCA filed an Answer opposing the Petition and arguing that the Borough's service to current and proposed outside customers constitutes public utility service and, as such, the outside customers are entitled to the protections afforded by the Public Utility Code and Commission regulations.

On April 8, 2015, the Cornwall Borough Municipal Authority filed a Petition against the Borough of Cornwall for Violations of the Public Utility Code and Petition for Declaratory Order on April 8, 2015. The Authority raised concerns regarding actions taken by the Borough, the Borough's failure to file an Application for a Certificate of Convenience and its fitness to provide water service. The OCA intervened in the Authority Petition to

ensure that the proper legal steps are taken if the Authority is dissolved and service is provided by the Borough to customers outside of its municipal boundaries.

The OCA filed briefs consistent with its position that the Borough's service to extraterritorial customers should not be regulated by the PUC. The OCA noted that the Borough made the decision to terminate the Authority and start serving customers as a municipal entity. If the Borough's Petition is granted, there is no guarantee that the Borough will charge outside customers the same rates charged to inside customers, that rates will be cost-based, or that the Borough will not add additional outside customers. The ALJ issued an Initial Decision recommending approval of the Borough's Petition. The OCA filed Exceptions in February 2016.

The OCA's position is that the customers outside of the Borough are entitled to the protections inherent under PUC jurisdiction and that the Borough and the PUC cannot waive that jurisdiction because the resolutions are not equivalent to PUC oversight. The Commission entered a Tentative Order on August 11, 2016 where it found that the service to the customers outside of the borough did not constitute service to the public. On September 9, 2016, the Municipal Authority filed a Petition for Review of the Tentative Order. That Order became final on September 12, 2016, after no comments were filed. For procedural reasons, the Authority filed a second Petition for Review of the Tentative Order. On February 8, 2017, the Authority withdrew both appeals.

Delaware Sewer Co.

Docket No. I-2016-2526085. As a result of the Petition filed by Delaware Sewer (Docket No. P-2014-2404341), the Commission adopted the ALJ's recommendation that a Section 529 investigation be started, to determine whether the PUC should order a capable public utility to acquire Delaware Sewer. The OCA filed a Notice of Intervention on March 3, 2016 and a Motion to Join PAWC as an Indispensable Party on March 29. PAWC later received notice that it qualifies as a proximate public utility that may be ordered to acquire DSC and, along with Aqua Pennsylvania, joined the proceeding. The OCA is scheduled to file direct testimony on December 1, 2017. The OCA will evaluate the impact of acquisition by PAWC or Aqua on rates for DSC's customers and the acquiring utility's existing customers and the reasonableness of any proposed acquisition price, and will set forth its recommendations in testimony.

Docket No. P-2014-2404341. At the end of the 2016-2017 Fiscal Year, PAWC filed a Petition to Amend the Commission's Order initiating an Investigation under Section 529 and the OCA was preparing an Answer. The Company seeks to limit the broad scope of investigation and remedies under Section 529 and other provisions of the Public Utility Code addressing the failure by a utility to provide adequate service.

Driftwood Borough

Docket No. P-2016-2533069. On March 7, 2016, the Borough of Driftwood filed a Petition for a Declaratory Order that its provision of water service to 40 customers outside the borough's corporate boundaries does not constitute the provision of public utility service under the Public Utility Code.

The OCA filed an Answer on March 30, 2016 opposing the Petition. The OCA took the position that the outside Borough customers are entitled to the protections afforded by the Public Utility Code and Commission regulations because they have no power to vote in the Borough. The outside customers would have no recourse regarding future rate increases or transfer of the outside customers to another entity. The Commission entered an Order granting the Petition on June 14, 2017.

Hidden Valley Utility Services - Water and Wastewater (HVUS)

Docket Nos. C-2014-2447138 and C-2014-2447169. On October 9, 2014 the OCA filed complaints against HVUS due to water quality and water/wastewater quality of service issues, as well as financial and managerial issues. The complaints requested that HVUS be required to maintain its system to eliminate water discoloration, to provide adequate, efficient, safe and reasonable service and facilities, and to make all necessary repairs to its system.

The OCA submitted testimony and briefs centering on the constant, severe brown and dirty water and customers' inability to use it for all household purposes. The OCA recommended that either the Company take prompt action to provide adequate service or the Commission direct HVUS to transfer the utility to more capable ownership. An Initial Decision was issued on August 23, 2016, wherein the ALJ adopted the OCA's position that HVUS is failing to provide adequate water and wastewater service to customers. However, ALJ Watson did not accept the OCA's recommendation that rates be reduced by 50% until the Company begins providing adequate service. The Initial Decision includes various steps and timelines that the Company must follow to improve service quality.

The OCA filed Exceptions to the Initial Decision on September 29, 2016, and Reply Exceptions on October 11, 2016. At the end of the 2016-2017 Fiscal Year, the parties awaited a Final Order from the Commission.

Docket No. P-2014-2424858. On June 3, 2014, the OCA filed a Petition requesting an Emergency Order directing HVUS to pay its delinquent electric accounts with Penelec as well as asking the PUC to direct HVUS to provide all HVUS account numbers to TUS and OCA in order to permit monitoring to avoid the possibility of termination of electric

service. The parties filed a Settlement on September 26, 2014. The terms of the proposed Settlement addressed each of the OCA's requests for relief made in its Petition for Emergency Order. The provisions would help to reassure customers that water and wastewater service, including fire protection, will not be interrupted due to the termination of electric service and ensure that the OCA and Commission have the information necessary to act quickly if the utility fails to make a payment on any account related to utility service. The OCA and Commission would know which account was at issue and how that account impacts water and wastewater service, understand the scope of any non-payment, and identify potential payment issues before they escalate.

On May 5, 2015, the Presiding Officer issued an Interim Order directing HVUS to execute authorization forms permitting Penelec to provide the information required by the Settlement and directing Penelec to provide that information historically and every month for the next twelve months, ending June 10, 2016. The OCA filed a status report on June 30, 2016, in which it requested that HVUS authorize Penelec to continue providing payment history to the OCA until a Final Order is issued in the OCA's related Complaint proceedings against the Company. On August 22, 2016, HVUS provided that authorization.

Based on that authorization and relying on that authorization to continue as executed, the OCA filed a Petition to Withdraw on February 2, 2017. It was approved by the ALJ and, on May 10, 2017, the Commission entered an Order granting the OCA's request to withdraw its Petition and closed the proceeding.

James Black Water Co. (JBW)

Docket No. A-2013-395443. On November 25, 2013, the de facto utility filed an Application for a Certificate of Public Convenience to serve water to 18 customers. On December 30, 2013, the OCA filed a Protest. The OCA pointed out numerous deficiencies in the filing, making it non-compliant with Commission regulations and statutory requirements. The OCA recommended that the PUC direct the filing of a complete application. The OCA conducted discovery to obtain missing information and investigated the technical, managerial and financial fitness of JBW to serve.

The OCA developed a record showing that the utility does not have the fitness to provide safe and reliable water service at just and reasonable rates, in the long term. The OCA recommended that the application be denied and that JBW pursue acquisition by a viable water provider. A Recommended Decision was issued on June 20, 2016, which recommended denial of the application because the Company is not technically or financially fit to provide the proposed service. In conjunction, the ALJs adopted the OCA's recommendation to initiate a Section 529 investigation to determine whether the

PUC should order acquisition by a capable utility. The ALJs found that JBW had and continues to recover illegal rates but did not order refunds, pending the outcome of the Section 529 proceeding. At the end of the Fiscal Year, the OCA filed limited Exceptions to clarify that refunds will be addressed and where. The parties await a Commission decision.

Mahoning Township

Docket No. P-2017-2588977. On February 7, 2017, the Township of Mahoning perfected service of a Petition for a Declaratory Order that its provision of water and wastewater service to 33 customers outside the Township's boundaries does not constitute the provision of public utility service under the Public Utility Code. The customers are served by a municipal authority created by the Township. The Township initiated proceedings in September 2016 to terminate the authority and transfer all assets relating to the water and wastewater systems to the Township.

The OCA filed an Answer on March 2, 2017 raising a concern that the outside Township customers are entitled to receive the protections afforded by the Public Utility Code and Commission regulations because they have no power to vote in the Township. The outside customers would otherwise have no recourse regarding future rate increases or transfer of the outside customers to another entity. The OCA also raised concerns that the Township made no commitment to maintain the same level of consumer protections for the outside customers or indicate that it had any formalized procedures for handling termination, billing, payments and complaints.

In response to the OCA's Answer, the Township passed resolutions committing to providing service to the outside customers and stating it will not solicit additional outside customers. At the end of the 2016-2017 Fiscal Year, the Commission granted the Petition, however, it reflected the OCA's Answer by requiring the Township to apply the same rates to inside and outside customers.

Manwalamink Water and Manwalamink Sewer Co.

Docket Nos. R-2017-2603026 and R-2017-2603038. On April 28, 2017, Manwalamink Water filed a request for an estimated annual increase in base rate revenues of \$82,455 from its customers. This represents an approximate 20% increase in the Company's annual revenues at present rates. Under the Company's proposal, the proposed rates would increase from \$23.53 to \$28.24, or by 20%, for a customer using 3,130 gallons per month with a 5/8 inch meter. The water company serves approximately 1,257 customers (1,210 residential) in The Village of Shawnee-on-Delaware and the Townships of Smithfield and Middle Smithfield in Monroe County, Pennsylvania.

Manwalamink Sewer also filed a request seeking an estimated annual increase in base rate revenues of \$29,007 from its customers. This represents an approximate 5% increase in the Company's annual revenues at present rates. The Company's notice to customers indicates that under the Company's proposal, the average residential bill would increase from \$35.59 to \$37.38, or by 5%, the flat rate residential bill would increase from \$44.80 to \$47.04, or by 5%. The sewer company serves approximately 1,248 customers, of which 1,201 are residential customers.

The OCA filed formal complaints against both rate filings. At the end of the 2016-2017 Fiscal Year, the OCA was preparing its Direct Testimony.

Middletown Borough

Docket No. P-2016-2542994. On May 2, 2016, the Borough of Middletown filed a Petition for a Declaratory Order that its provision of water service to 49 customer accounts outside the borough's corporate boundaries does not constitute the provision of public utility service under the Public Utility Code. The customers are served by a municipal authority created by the Borough. The Borough plans to terminate the authority and transfer all assets relating to the water system to the Borough.

The OCA filed an Answer raising a concern that the outside Borough customers are entitled to receive the protections afforded by the Public Utility Code and Commission regulations because they have no power to vote in the Borough. The outside customers would otherwise have no recourse regarding future rate increases or transfer of the outside customers to another entity. In July 2016, the Borough filed a Petition to withdraw its Petition. By Secretarial Letter dated September 22, 2016, the Commission approved the withdrawal.

North Heidelberg Sewer Co. (NHSC)

Docket No. P-2017-2594688. On March 21, 2017, I&E filed a Petition for an Emergency Order related to North Heidelberg and Metropolitan Edison Co. I&E sought an emergency order because North Heidelberg had received a termination notice from Met-Ed. North Heidelberg had a large arrearage and, according to I&E, had failed to make payment for electric service. I&E requested the Commission act to ensure continued wastewater service to North Heidelberg's customers. Chairperson Brown issued an ex parte emergency order on March 22, 2017, granting I&E's Petition and ordering that North Heidelberg provide notice to its customers that they are not under threat of losing wastewater service as a result of electric service termination, that North Heidelberg pay all of its current bills, and that in the event that North Heidelberg fails to

make any payment, Aqua PA would immediately take over billing and operation of the system.

The OCA participated in this proceeding to protect the interests of North Heidelberg's and Met-Ed's customers. The OCA sought to ensure that a resolution was found that is in accordance with applicable statutes and maintains service to North Heidelberg's 253 customers.

On May 4, 2017, the Commission entered an Order consistent with the OCA's position. It ratified the Emergency Order and modified it, *inter alia*, by setting up a payment plan for NHSC's arrearages and providing for a Section 529 investigation (takeover by a viable utility) if the plan is not met or if Audits and TUS identify concerns about rates or service. The Order also ensures that Met-Ed will not terminate electric service without prior PUC approval.

At the end of Fiscal Year 2016-2017, North Heidelberg filed a Petition for Review of the Commission Order and requesting the case be remanded for further hearing.

Pennsylvania-American Water Co. (PAWC)

Docket No. A-2016-2537209. PAWC and Scranton filed a joint Application for PAWC to acquire the latter's wastewater system assets and customers on March 30, 2016. The OCA filed a Protest on April 5, 2016 raising preliminary issues regarding the reasonableness of the proposed purchase price, the burden of system improvements, the proposal to freeze the acquired customers' rates for two years. In testimony and briefs, the OCA recommended that the application be denied because stormwater service by an investor-owned utility subject to the jurisdiction of the PUC is not in the public interest. The OCA also opposed any recovery from existing PAWC water and wastewater ratepayers of the revenue requirement that is not being collected from the Scranton customers pursuant to the 1.9% limit on rate increases for the first 10 years. In addition, the applicants did not identify any cost savings related to the transaction and OCA's calculations show that there is higher cost to make the improvements due to PAWC's higher financing costs.

On August 24, 2016, the ALJs issued a decision recommending that the Commission had jurisdiction over the combined wastewater/stormwater service but that the application be denied because the variance adjustment was unreasonable and because the purchase price was unknown. On October 19, 2016, the Commission entered an Order approving the application. The PUC found that it had jurisdiction over stormwater because it is part of wastewater service. The Commission ordered PAWC to file a cost of service study that separates the costs of providing stormwater services in the SSA

service area in its next base rate case. The PUC also ordered PAWC to file a cost of service study in its next case that removes all costs and revenues associated with the SSA operation from the proposed rates and to develop rates that exclude the impact of the SSA acquisition.

Docket No. A-2016-2544151. On May 6, 2016, PAWC filed an application to acquire the wastewater system assets and customers of the New Cumberland Borough, in Cumberland County. The OCA filed a Protest on June 6, 2016 raising preliminary issues regarding the reasonableness of the proposed purchase price, infrastructure investment, offers of employment, proposed rates and rate increase limitations for acquired customers and whether the proposed transaction would provide substantial, affirmative benefits to the existing PAWC customers. The OCA conducted informal discovery and prior to the deadline for direct testimony, reached a unanimous Settlement. The proposed Settlement was filed on September 2, 2016.

The Settlement addressed the OCA's concerns about rates by requiring PAWC to begin moving rates for acquired customers toward PAWC's system-average wastewater base rates in its first or second base rate case post-closing. It also specified that no acquisition adjustment will be approved as part of the application proceeding and reserved the right of the OCA to challenge any such claim in PAWC's next base rate proceeding. The terms of the Settlement ensure that spending will be in addition to, and will not reprioritize, any capital improvements that PAWC was already committed to undertake for existing customers. The terms also prohibit PAWC from including capital spent on the New Cumberland system in the calculation of the DSIC rate until the acquired customers begin paying a wastewater DSIC, which will help to mitigate the rate impact of the proposed improvements to the acquired system on existing customers. The ALJs recommended approval of the Settlement and on October 27, 2016, the PUC adopted the recommendation.

Docket No. A-2017-2606103. On May 24, 2017 PAWC filed an application to acquire the combined sewer assets of McKeesport Authority. PAWC filed the application under Sections 1102 and 1329 of the Public Utility Code. The OCA filed a Protest on June 21, 2017, raising preliminary issues regarding the reasonableness of the proposed purchase price, infrastructure investment, proposed rates and rate increase limitations for acquired customers and whether the proposed transaction would provide substantial, affirmative benefits to the existing PAWC customers.

PAWC proposed to acquire the sewer assets of the MACM for \$162 million. It filed under Section 1329 and requested that the purchase price of \$162 million be approved for ratemaking purposes as it was lower than the average of the two fair market value appraisals provided with its application. In addition, PAWC sought approval of the Asset

Purchase Agreement with the MACM and the City of McKeesport, wherein it agreed to keep base rates frozen for MACM customers for no less than one year after closing. At the end of the 2016-2017 Fiscal Year, the OCA was investigating the Company's claims regarding affirmative benefits for PAWC's existing wastewater (and, potentially, its water) customers. The OCA was also reviewing the UVE appraisals underlying the proposed ratemaking rate base amount.

Docket No. P-2017-2606100. On May 22, 2017, PAWC filed a Petition seeking tariff revisions which will allow it to replace lead service pipes subject to the accounting and rate recovery proposals contained in its Petition, capitalize the costs incurred and affirm that the costs are eligible for recovery through its Distribution System Improvement Charge.

As explained in the Petition, there are two parts to the service lines: the first part is the service line which runs from the water main to street service connection (Service Line). That portion is owned by PAWC and maintained by PAWC. The other part, called the Service Pipe, is the portion that begins at the Company-owned street service connection and continues into the structure on the premise[s] to be supplied. The Service Pipe portion is owned and maintained by the customer.

PAWC's plan to replace lead Service Pipes had two parts: first, it will remove and replace lead Service Pipes, with the customer's agreement, that it encounters when it is replacing mains and service lines (Replacement Plan – Part 1). Second, PAWC will remove and replace lead Service Pipes if a customer requests replacement and subject to verifying that the customer's Service Pipe is made of lead (Replacement Plan – Part 2). The OCA filed an Answer seeking additional information and raising issues related to PAWC's proposed ratemaking proposals. At the end of Fiscal Year 2016-2017, the case was pending before the ALJ.

Docket No. R-2017-2595853. On April 28, 2017, PAWC filed for a general base rate increase in annual operating revenues of approximately \$107.9 million or 16.4%, for its water and wastewater operations. The case also addressed PAWC's recent acquisition of the assets of the Sewer Authority of the City of Scranton and the provision of combined stormwater and wastewater service to the Sewer Authority's former customers. It raises significant issues regarding rate design, cost allocation and the appropriateness of shifting wastewater costs to PAWC's water customers under 66 Pa. C.S. § 1311(c). The OCA filed a Formal Complaint on May 8, 2017. At the end of the 2016-2017 Fiscal Year, the OCA was investigating issues related to the Company's proposed rate of return, revenue and expense claims, rate design and cost allocation, claims related to recent acquisitions, and quality of service.

Vantage Water Co.

Docket No. P-2016-2576068. On November 16, 2016, Republic Development Corp. d/b/a Vantage Water filed a Petition for a declaratory order that its provision of water service does not constitute “public utility service” for purposes of Commission regulation. Vantage serves 118 tenant customers and 67 adjacent homeowners. On December 6, 2016, the OCA filed an Answer opposing Vantage’s Petition. The OCA’s position is that Vantage should continue to be subject to PUC jurisdiction because the Company had no ongoing relationship with or control over the homeowners once the lots are sold.

In an Order entered on March 16, 2017, the Commission agreed with the OCA that Vantage’s service is “open to the indefinite public” because it had no control over who buys the homes or lots in the Vantage Hills Development and noted that there are still 45 undeveloped lots that at some point may be connected to the water system. Thus, through its participation, the OCA helped to ensure that the Vantage customers retain the quality of service and rate protections of the Public Utility Code and helped to further develop the body of law defining which utilities will and will not be subject to Commission regulation.

York Water Co.

Docket No. P-2016-2577404. On November 28, 2016, York Water filed a Petition seeking a waiver of certain provisions of its tariff for two circumstances where York may replace certain customer-owned service lines, on an expedited basis. On December 19, 2016, the OCA and I&E filed Answers. The parties reached an agreement in principle and filed a Settlement Petition on January 23, 2017. Pursuant to York’s existing tariff, customers are responsible for the installation, maintenance and replacement of their service lines. The Company sought a waiver of this tariff rule to allow it to replace the customer owned portion of the lead service line when it replaces the Company-owned portion of the same line. The Company also sought permission to capitalize those costs. The OCA did not oppose the concept of replacing the customer-owned lead service line at the same time as the Company-owned lead service lines are replaced over the next four years. The OCA raised issues such as the ratemaking treatment for customer owned lead service lines that may be replaced and on which the customer had coverage under the Water Service Line Protection Plan. In addition, the OCA recommended that 1) York track the capital costs for the customer-owned service lines that are replaced as part of the Company-owned lead service line replacement program and provide that information on a semi-annual basis to the Commission and the OCA and 2) York explore available funding options, now and in the future, at the state and

federal level that might alleviate some of the replacement costs that will ultimately be borne by its ratepayers.

The Company also sought a limited waiver of Tariff Rule 3.4 to allow it to, “from time to time, replace lead customer-owned service lines whenever they are discovered, regardless of the material used for the Company-owned service line.” York also proposed that it would offer to pay a fixed amount toward replacement cost of the customer-owned lead service line and asked permission to capitalize that amount. With the information provided in the Petition, the OCA preliminarily identified a number of questions and concerns that it addressed through informal discussions with York. The OCA and York Water were able to reach a comprehensive settlement of the issues raised by the Company’s proposal.

For Phase 1 Replacements, the Settlement provided for the limited waiver of York Water’s tariff rule to permit it to replace lead customer-owned service lines that are discovered when York replaces the lead Company-owned service lines. This provision will permit York Water to address the replacement of lead customer-owned service lines in an efficient, cost effective and timely way. York’s commitment to look for funding, and then crediting any funding against the costs of the replacements, addresses the OCA’s concern that the Company seek funding to relieve customers from some of the costs of replacement. Another provision will ensure the replacement of identified lead customer-owned service lines without requiring the customer to repair a line that will be replaced under the terms of the proposed waiver. Overall, the Settlement maintains the limited nature of the waiver which is for the replacement of lead customer-owned service lines and not any other customer-owned service lines.

Phase 2 replacements refer to York’s request to address lead customer-owned service lines when they are discovered. The Settlement addresses the OCA’s concerns by providing certainty as to the options available for customers with lead-service lines that would be part of Phase 2 replacements. The Settlement Petition also addressed the issue raised by OCA regarding how York will prioritize the Phase 2 replacements.

To address the OCA’s concern that lead customer-owned service lines be replaced in a reasonable time frame to protect the public health of its customers, the Settlement provided for ongoing customer outreach and education.

The Settlement provided for a sliding scale of reimbursement for customers who have already paid to have their customer-owned lead service line replaced, within parameters. In February 2017, the ALJ issued a Recommended Decision recommending approval of the Settlement. On March 8, 2017, the PUC entered an Order approving the Settlement Petition.

TELECOM: UTILITY-SPECIFIC PUC PROCEEDINGS

CenturyLink

Docket No. P-2016-2557620. The United Telephone Co. of Pennsylvania, d/b/a CenturyLink filed a Petition in August 2016 which proposed to scale back the distribution of printed telephone directories in areas with reduced demand and interest. The content of the telephone directories would be available on-line and CenturyLink would provide print copies on request. The OCA filed an Answer which asked for specific protections for consumers that might still want to receive print copies of the telephone directory, in areas where blanket distribution would otherwise be curtailed. In April 2017, the PUC granted CenturyLink permission to modify and curtail the distribution of printed residential white pages directories subject to consumer protections. CenturyLink and Dex Media filed an appeal in May 2017 (Docket No. 584 C.D. 2017). The OCA intervened in the appeal. While the appeal was pending, CenturyLink, Verizon and Dex Media filed a new Petition with the Commission regarding future distribution of white pages directories (Docket No. P-2017-2610359). At the end of the 2016-2017 Fiscal Year, all matters were pending.

Docket No. P-2017-2610359. In June 2017, the United Telephone Co. of Pennsylvania, d/b/a CenturyLink, along with Verizon Pennsylvania, LLC, and Verizon North, LLC, and Dex Media filed a joint Petition requesting PUC approval of broader relief to allow Dex Media, as the agent for the respective telcos, to reduce the distribution of both residential and business white pages directories in areas of less demand. The Petition includes protection for consumers who may want to continue to receive delivery of a print copy. In response to concerns raised by the OCA in prior proceedings, the Petitioners revised their original position and agreed to continue providing print directories to those customers likely to use them, to provide free online directories for everyone, indefinitely, and to notify their customers of the changes. The OCA filed a letter in June 2017 in support of the Petition. The matter remains pending.

Docket No. R-2016-2564750. CenturyLink filed its 2016 Price Stability Index (PSI) report and a proposed rate increase in September 2016. CenturyLink calculated an allowed annual increase in non-competitive service revenues of \$381,584, based upon changes in inflation. CenturyLink proposed to increase residential basic local rates by \$1 per month to \$22. CenturyLink also proposed various business rates between \$0.55 and \$1.65 per month. The overall increase would be \$543,425 in additional annual non-competitive service revenues, based on the PSI calculation and deduction of a previously allowed increase that CenturyLink had banked or deferred.

OSBA filed a Formal Complaint against CenturyLink's filing and proposed business rate increases. The OCA intervened. CenturyLink moved for dismissal of the OSBA Formal Complaint as untimely or for judgment on the pleadings.

In October 2016, the Commission approved CenturyLink's PSI report and allowed the rate increases to take effect, subject to resolution of the OSBA Complaint. CenturyLink and OSBA entered into a Settlement which leaves the 2016 rates unchanged, subject to a \$1 limit on the basic business line rate increase which CenturyLink may propose as part of its 2017 PSI filing. The OCA filed a letter stating it does not oppose the proposed Settlement. In December 2016, the presiding ALJ issued a decision recommending approval of the Settlement as in the public interest. In January 2017, the Commission approved the Settlement.

Frontier Communications Commonwealth Telephone Co. (Frontier)

Docket No. R-2016-2524540, P-00951995F1000, R-2016-2524592, P-00961024F10000. In late January 2016, the five Frontier Companies and Frontier Commonwealth filed their annual Price Stability Index (PSI) reports. A few days later the Companies filed proposed tariffs to increase rates for non-competitive services. Frontier Commonwealth proposed additional annual revenues of \$434,567. The Company proposed an increase of up to \$1.00 per month per line for residential basic local service and an increase of up to \$2.00 per month for business local services. The OSBA filed complaints in March 2016. The OCA intervened on May 6, 2016. The Commission approved the PSI reports and rate increases, subject to refund, based on the resolution of the OSBA Complaint.

The OCA submitted testimony supporting its position that the business/residential rate differential in the Frontier Companies filings is reasonable and recommending that the Commission deny the relief sought in the OSBA's Complaint, to reduce the differential between residential and business rates.

The Frontier Companies, Frontier Commonwealth, OCA and OSBA entered into a Settlement that provides that the 2016 rate increases would not be changed. With regard to the Companies' 2017 PSI filings, the parties agreed to a schedule of rates for each Frontier company which represent the maximum increases the Companies may propose. The maximum basic residential increase would be no more than \$1 per line per month. The maximum basic business increase would be higher than the residential increase for four of the Companies and equal for two Companies. The Joint Petition for Settlement was filed with the Commission in late November 2016. The Commission approved the Settlement on January 19, 2017.

Frontier Co. of Breezewood, LLC

Docket No. R-2016-2524540, P-00951995F1000, R-2016-2524592, P-00961024F10000. Breezewood proposed additional annual revenues of \$5,840. The Company proposed an increase of \$1.00 per month per line for residential basic local service and an increase of \$1.00 per month for business local services. Please see companion write-up under Frontier Communications for additional information.

Frontier Co. of Canton, LLC

Docket No. R-2016-2524540, P-00951995F1000, R-2016-2524592, P-00961024F10000. Canton proposed additional annual revenues of \$6,420. The Company proposed an increase of \$1.00 per month per line for residential basic local service and an increase of \$1.00 per month for business local services. Please see companion write-up under Frontier Communications for additional information.

Frontier Co. of Lakewood, LLC

Docket No. R-2016-2524540, P-00951995F1000, R-2016-2524592, P-00961024F10000. Lakewood proposed additional annual revenues of \$3,192. The Company proposed an increase of \$1.00 per month per line for residential basic local service and an increase of \$1.00 per month for business local services. Please see companion write-up under Frontier Communications for additional information.

Frontier Co. of Oswayo River, LLC

Docket No. R-2016-2524540, P-00951995F1000, R-2016-2524592, P-00961024F10000. Oswayo River proposed additional annual revenues of \$3,684. The Company proposed an increase of \$1.00 per month per line for residential basic local service and an increase of \$1.00 per month for business local services. Please see companion write-up under Frontier Communications for additional information.

Frontier Co. of Pennsylvania, LLC

Docket No. R-2016-2524540, P-00951995F1000, R-2016-2524592, P-00961024F10000. Breezewood proposed additional annual revenues of \$26,429. The Company proposed an increase of \$1.00 per month per line for residential basic local service and an increase of \$1.00 per month for business local services. Please see companion write-up under Frontier Communications for additional information.

Verizon North LLC

Docket No. P-2017-2610359. See summary of Verizon North's request for expanded relief regarding the blanket distribution of print white pages directories, above, under CenturyLink.

Docket Nos. R-2015-2510231, R-2015-2510233. Verizon PA and Verizon North filed their 2016 Price Change Opportunity reports and proposed rate increases in October 2015. Verizon PA calculated an allowed annual increase in non-competitive service revenues of \$1,422,000, based on changes in inflation. Verizon North calculated an allowed increase in non-competitive service revenues of \$216,000. Verizon North proposed to increase basic local residence service by \$0.12 per line and larger increases to basic local business dial tone and local usage rates.

OSBA filed a Formal Complaint against the Verizon PA and Verizon North filings. The OCA intervened. In December 2015, the Commission approved the PCO calculations and allowed the proposed rate increases to take effect, subject to refund. On September 9, 2016, the OCA filed rebuttal testimony in opposition to the OSBA recommendation to increase residential rates.

Verizon PA, Verizon North, the OCA, and OSBA entered into a proposed Settlement which addressed both the October 2015 PCO filings and 2016 rate increases contested by the OSBA and subsequent PCO filings. Under the proposed Settlement, the rate increases implemented in 2016 would remain in effect. The parties agreed that Verizon PA's November 2016 PCO filing would bank any allowed revenue increase, leaving basic rates unchanged for 2017. The parties agreed that Verizon North's November 2016 PCO filing may propose increases for 2017 within certain limits. Verizon PA, Verizon North and OSBA agreed that Verizon PA and Verizon North's future PCO filings may assign increases first to a non-recurring business charge. The OCA reserved all rights to review and oppose those future PCO filings and proposed rate changes. The Joint Petition for Settlement was filed with the Commission in November 2016.

A Recommended Decision was issued in December 2016 and, on January 19, 2017, the Commission entered an Order approving the Settlement.

Verizon Pennsylvania, LLC (Verizon)

Docket No. C-2015-2515583. In November 2015, Mr. and Mrs. Altman complained that Verizon had provided unreasonable service due to outages. The Altmans opposed Verizon's plan to switch the line to their home from copper to fiber or risk suspension of telephone service. The OCA monitored the Altmans' Formal Complaint and provided guidance on procedural matters. The ALJ's Initial Decision, issued August 31, 2016,

recommended \$3,750 in civil penalties against Verizon for inadequate service quality and that Verizon reinstate the Altman's service. No party filed exceptions.

On November 18, 2016, the PUC issued an order which corrected the calculation of the civil penalty to \$4,750 and otherwise adopted the Initial Decision.

Docket No. P-2015-2509336. On October 21, 2015, the Communications Workers of America (CWA) petitioned the Commission to open a formal investigation into the state of Verizon's physical plant. CWA averred that Verizon had allowed its physical plant to fall into a state of disrepair such that it poses a safety hazard to employees and the public, and fails to provide "adequate, efficient, safe, and reasonable service and facilities" as required by Section 1501 of the Public Utility Code. CWA alleged that these conditions exist in areas where Verizon had not deployed its FiOS, or fiber-to-the-home facilities, and that the poor condition of Verizon's plant affects the quality of landline service provided to customers and places utility workers in danger. CWA's Petition requested that the Commission inspect both the physical plant as well as Verizon's records, and that the Commission take action to correct the deficiencies in Verizon's plant. The OCA filed a Notice of Intervention on November 3, 2015.

The OCA filed the testimony of its expert witnesses on September 29, 2016. The OCA testimony concluded that Verizon's service quality performance is inadequate and Verizon needs to improve its maintenance efforts. The OCA testimony recommended that the Commission direct Verizon to cease switching customers to a wireless VoiceLink service as a substitute for permanent repairs to Verizon's network.

The parties reached a Settlement agreement in May 2017. The Settlement required Verizon to focus maintenance and repair efforts on certain areas and facilities, to improve the reliability of its network, public safety, and service to consumers. Verizon committed to provide updates to the OCA and other parties through periodic meetings. The Settlement extends to the end of 2020. As part of the Settlement, CWA withdrew its original Petition/Complaint as satisfied.

Docket No. P-2017-2610359. See summary of Verizon's request for expanded relief regarding the blanket distribution of print white pages directories, above, under CenturyLink.

Docket Nos. R-2015-2510231, R-2015-2510233. Verizon proposed to increase basic local residence service by \$0.12 per line per month with larger increases to basic local dial tone and local usage rates, to produce an annual revenue increase of \$1,106,990. Verizon proposed to offset the remaining allowed 2016 increase and a negative 2003 PCO balance to cover its 2016 contribution to the Pennsylvania Universal Service Fund. See companion write-up under Verizon North for additional information.

GENERIC PUC PROCEEDINGS: DSIC

Implementation of Act 11 of 2012

The Commission established Docket No. M-2012-2293611 as a generic docket number for all Secretarial Letters, Implementation Orders and working groups regarding the implementation of Act 11 and, in particular, issues involving implementation of the Distribution System Improvement Charge.

On November 5, 2015, the Commission issued a Supplemental Tentative Order that invited interested parties to comment on the issues regarding the implementation, operation and computation of the DSIC. The OCA filed Comments on December 14, 2015. The OCA supported the Commission's recommendations that would provide for the most up to date and accurate inputs available to ensure that only the utility's actual costs are recovered and the consumer protection provisions of the statute, such as the earnings cap, function as intended. The OCA also made recommendations for ways to reduce the lag in resetting the DSIC to zero in response to overearnings and to ensure that only the fixed costs of new, additional investment will be eligible for recovery in a positive DSIC rate. The Commission entered a Final Supplemental Implementation Order on September 21, 2016. The Order directs all jurisdictional utilities with a Commission-approved DSIC mechanism to file a tariff in compliance with the Order in 45 days.

In addition, all water utilities that implemented a DSIC mechanism pursuant to the repealed 1307(g) are required to file a LTIIP. In the 2016-2017 Fiscal Year, the OCA filed Comments on initial LTIIP filings by Aqua Pennsylvania, Inc., Pennsylvania-American Water Co., SUEZ Water Pennsylvania, Inc., Columbia Water Co., Superior Water, York Water and Newtown Artesian. The OCA's Comments are intended to ensure that proposed improvements are prudent and cost-effective, represent an acceleration of improvements, and will maintain safe, reliable and reasonable service.

The OCA also continues to file Comments when utilities in all industries file an LTIIP in conjunction with a filing for an initial DSIC. During the Fiscal Year, the OCA reviewed such filings by City of Bethlehem – Water and Duquesne Light Co. As well, the OCA continues to review and file Comments, as needed, when utilities file periodic LTIIPs for succeeding periods and seek approval of revisions to existing LTIIPs.

GENERIC PUC PROCEEDINGS: ELECTRIC

Alternative Energy Portfolio Standards Act of 2004

Docket No. L-2014-2404361. On February 20, 2014, the Commission issued a Proposed Rulemaking Order to update and revise its regulations implementing the Alternative Energy Portfolio Standards Act. The Commission stated that the revisions were necessary to comply with Act 129 of 2008 and Act 35 of 2007, as well as to clarify issues of law, procedure and policy. The proposed rulemaking drew Comments from a variety of interested parties, including the solar industry, environmental groups, agriculture, utilities, and individuals.

The OCA submitted Comments on September 3, 2014. The OCA expressed concern regarding the effect the proposed revisions would have on residential customers. The proposed regulations, among other things, would limit the size of alternative energy systems to 110% of a customer-generator's annual electric consumption, and would require independent electric load at each meter for virtual net metering. The OCA's Comments raised issues as to the impact on the use of alternative energy systems by residential consumers and the application to alternative energy in new residential construction. The OCA also recommended changes to billing practices for net metering customer-generators.

On May 9, 2015, the Commission's Advance Notice of Final Rulemaking Order was published in the Pennsylvania Bulletin for public comment. The Advance Notice included a number of revisions to the original proposal, including an increase on the size limit of 110% to 200% of the customer-generator's annual electric consumption at the interconnection meter and all qualifying virtual meter aggregation locations.

The Commission adopted its Final Rulemaking Order on February 11, 2016 and the regulations were submitted to the Independent Regulatory Review Commission (IRRC) for approval. At its May 19, 2016 meeting and in a June 2, 2016 Order, the IRRC disapproved the regulations because it found that the PUC does not have statutory authority to impose limits on sizing of alternative energy systems. On June 9, 2016, the Commission issued an Amended Final Rulemaking Order which modified the final regulations to remove any reference to non-statutory limits to a customer-generator's ability to net meter excess generation. At its June 30, 2016 meeting, the IRRC again rejected the Amended Final Rulemaking Order due to concerns regarding the definition of "utility" and the lack of a compelling need for the rulemaking. On October 27, 2016, the Commission entered its Second Amended Final Rulemaking Order which included modifications in response to IRRC and amending the Commission's regulations.

Alternative Ratemaking Methods

Docket No. M-2015-2518883. On December 31, 2015, the PUC issued a Secretarial Letter advising that it would be opening a docket to investigate alternative ratemaking methods for electric and natural gas utilities. An *en banc* hearing was scheduled for March 3, 2016. The purpose of this hearing is to permit participants to inform the Commission on the following rate issues: (1) whether revenue decoupling or other similar rate mechanisms encourage energy utilities to better implement energy efficiency and conservation programs; (2) whether such rate mechanisms are just and reasonable and in the public interest; and (3) whether the benefits of implementing such rate mechanisms outweigh any costs associated with implementing the rate mechanisms. The Letter also provided for written comments to be filed by March 16, 2016.

The OCA participated in the hearings and also filed detailed Comments on March 16, 2016. In its Comments, the OCA noted that the PUC was mainly interested in pursuing alternative ratemaking methods, principally decoupling, as a way to offset perceived consumer usage reductions stemming from conservation and energy efficiency measures. The OCA submitted that Act 129 controls in this area, and that overall Act 129 programs were working well across PA with no adverse impacts to utilities or their revenues. In brief, there was no need to pursue other ratemaking mechanisms at this time.

On March 2, 2017, the PUC issued an Order seeking additional comments on these matters. The March 2 Order significantly expanded the scope of issues in this matter, including impacts on water and wastewater utilities, and including detailed questions from several of the PUC Commissioners.

The OCA submitted Comments on May 31, 2017. In its Comments, the OCA supported the regulatory framework and alternative ratemaking methodologies currently in effect in Pennsylvania and maintained that further alternative ratemaking is not necessary. The OCA noted that the current alternative ratemaking mechanisms have been targeted to achieve specific purposes and objectives and have successfully balanced utility benefits and consumer protections. At the end of the 2016-2017 Fiscal Year, the OCA was preparing Reply Comments.

Electric Safety Regulations

Docket No. L-2015-2500632. On November 19, 2015, the Commission issued a proposed rulemaking order to amend its regulations at Chapter 57 of the Pennsylvania Code and to add electric safety standards to that Chapter. The Commission sought to

make minor revisions and updates and also proposed to add electric safety standards. The stated goal of the proposed revisions and additions was to enable the Commission's Electric Safety Division to enforce the applicable electric safety standards to ensure public safety and to protect the public interest, while at the same time providing clarity as to the enforcement powers of the Electric Safety Division to minimize potential legal challenges to the applicability of same.

The OCA filed Comments on March 7, 2016. Primarily, the OCA's Comments focused on the fact that the current regulations only address electric distribution companies (EDCs), but in fact, the Commission also had jurisdiction for safety purposes over all public utilities in Pennsylvania that own or operate electric facilities such as transmission only companies. Thus, the OCA submitted that the term EDCs should be replaced in the regulations with "public utility."

On April 20, 2017, the Commission issued its final order and updated regulations. The final regulations deviated little from the safety standards discussed throughout this process. Of importance to the OCA, the Commission adopted the OCA's suggested change and replaced "EDC" with "public utility" in order to confirm that the Commission does indeed have safety jurisdiction over electric transmission facilities.

Supplier Consolidated Billing

Docket No. P-2016-2579249. On December 8, 2016, NRG Energy, Inc. submitted a Petition to the PUC seeking an Order that would permit energy generation suppliers like NRG the ability to use supplier consolidated billing (SCB). Under SCB, EGSs would bill electric customers directly for the utilities' distribution charges and also the EGS' commodity charges. Currently, the electric distribution utilities bill for all charges.

On January 23, 2017, the OCA submitted Comments on the Petition. The OCA opposed the use of SCB as harmful to competition, costly to implement, unnecessary under current PUC practices and procedures and providing no discernible benefits to ratepayers. In February 2017, the OCA submitted Reply Comments in which it provided further support for its position. At the end of Fiscal Year 2016-2017, the parties awaited further Commission action on the Petition.

GENERIC PUC PROCEEDINGS: NATURAL GAS

Accelerated Switching

Docket No. L-2016-2577413. On January 7, 2017, the Commission issued an Advance Notice of Proposed Rulemaking Order to amend its regulations relating to standards for changing a customer's natural gas supplier. The Commission proposed to amend the

existing regulations at 52 Pa. Code Chapter 59 to direct natural gas distribution companies (NGDC) to accelerate switching timeframes in a manner that would permit Pennsylvania retail natural gas customers to switch natural gas suppliers (NGS) within three business days. These changes were also intended to make the natural gas switching regulations consistent with analogous regulations related to switching electric generation suppliers.

The OCA submitted Comments on February 21, 2017. The OCA generally supported accelerated switching and the effort to make electric and natural gas switching regulations as easy as possible for consumers to understand. However, the OCA's Comments stressed that important consumer protections must remain in place and that changes to switching procedures should be carried out efficiently and at minimal cost to consumers. The OCA also noted that accelerated switching should only be pursued if it is operationally feasible in the identified time period for the natural gas companies.

On April 20, 2017, the Commission issued an Order requesting additional comments on a number of specific issues that were raised by the parties in the February 21, 2017 Comments. The OCA submitted Additional Comments on June 5, 2017 reiterating its positions described above. Specifically, the OCA opposed a proposal to backdate NGS switches, but supported proposals that would allow companies to comply with the regulations at the least cost while maintaining necessary consumer protections. At the end of the Fiscal Year, the OCA awaited additional action by the Commission.

Alternative Ratemaking Methods

Docket No. M-2015-2518883. On December 31, 2015, the PUC issued a Secretarial Letter advising that it would be opening a docket to investigate alternative ratemaking methods for electric and natural gas utilities. See write-up above under "Generic PUC Proceedings: Electric" for further information.

Customer Account Number Access Mechanisms

Docket No. M-2015-2468991. On April 9, 2015 the Commission entered a Tentative Order proposing that natural gas distribution companies develop passcode-protected secure website portals (account access mechanisms) that would allow natural gas suppliers to access customer account numbers during enrollment transactions between NGSs and customers in public venues. The Tentative Order provided the Commission's proposed format for the account access mechanisms and solicited comments from interested parties regarding the Commission's proposal. On May 26, 2015 the OCA submitted Comments in response to the Commission's Tentative Order, generally

supporting the format proposed by the Commission. Numerous other parties, including NGDCs and NGSs submitted Comments as well.

On July 8, 2016, the Commission entered a Final Order establishing the format of the account access mechanism and directed each NGDC to submit compliance plans for the development of an account access mechanism within six months. Parties were granted 30 days to submit Comments on the compliance plans filed by the NGDCs. On March 15, 2016 the Commission issued a Secretarial Order seeking Reply Comments. The OCA submitted Reply Comments on April 15, 2016. On June 30, 2016 the Commission issued orders approving and/or modifying each of the NGDCs' compliance plans. The account access mechanisms were to be implemented no later than December 31, 2016. At the end of the 2016-2017 Fiscal Year, this docket remained open and the OCA intends to continue its participation in this matter if any new issues arise.

“Gas on Gas” Competition

Docket No. I-2012-2320323. On December 8, 2011, I&E, the OCA, the Office of Small Business Advocate, Peoples TWP LLC and Peoples Natural Gas Company filed a Petition with the Commission seeking an investigation into the practice of “gas-on-gas competition” in Pennsylvania. This practice only occurs in limited portions of western Pennsylvania, mainly in and around the City of Pittsburgh, where more than one natural gas distribution company (NGDC) has distribution lines in the same geographic location. Customers in those areas, mainly commercial and small industrial customers, can extract lower distribution rates from their existing NGDC through the threat of leaving the system, or they can physically leave the system and connect to another NGDC. The revenue losses created by either of these events are eventually passed through to all of the NGDC's remaining ratepayers. The OCA has been investigating and seeking a resolution of this practice for at least the last 10 years. This form of monopoly utility “competition” seen in Western Pennsylvania is extremely rare and this may be the only place in the United States where such activity is present.

On July 25, 2012, the Commission issued a Secretarial Letter, which granted the relief sought in the Joint Petition, ordered a generic investigation. On June 24, 2014, the ALJ issued her Recommended Decision. The ALJ agreed with the OCA's position on all counts.

On May 4, 2017, the PUC issued an Order in this matter. The PUC held that gas-on-gas flex rates should continue, but the affected NGDCs must file new tariffs consistent with the Order limiting how such rates would be applied. At the end of the 2016-2017 Fiscal

Year, the OCA awaited the filing of new tariffs and planned to file responsive Comments.

Retail Competition

Docket No. I-2013-2381742. On September 12, 2013 the Commission announced that it was opening an investigation into the Retail Natural Gas Market in Pennsylvania. The OCA has actively participated in the Commission's Investigation since it was initiated. The OCA has submitted numerous Comments for the Commission's consideration, including: (1) Comments on December 12, 2013 addressing the current state of retail competition within the natural gas supply market in Pennsylvania, how the current market could be improved for the benefit of customers, potential barriers to customer participation in the market; (2) Comments on October 14, 2014 providing additional Comments based on issues that arose from the Commission's August 21, 2014 Tentative Order; (3) Comments on February 2, 2015 regarding natural gas supplier disclosure requirements and natural gas supplier access to customer account numbers; and (4) Informal Comments on August 31, 2015, concerning possible amendments to the regulations that govern the standards for changing a customers natural gas supplier. At the end of Fiscal Year 2016-2017, this docket remained open. The OCA intends to continue its participation in this matter.

GENERIC PUC PROCEEDINGS: RESIDENTIAL SERVICE

Chapter 56

Docket No. L-2015-2508421. On July 21, 2016, the Commission adopted a Proposed Rulemaking Order to amend Chapter 56 of the Commission's regulations, which relate to standards and practices for residential public utility service, to comply with the 2014 amendments to Chapter 14 of the Public Utility Code. The Commission has previously addressed a number of urgent issues in Chapter 56 that resulted from the Chapter 14 amendments. The remaining issues that the Proposed Rulemaking Order sought to address included: amending definitions of applicant, customer, and public utility; clarifying the 90-day deposit payment period; revising the credit methodology; and expanding protections for individuals with Protection from Abuse Orders (PFAs) to include individuals with other types of court orders related to domestic violence. As part of this rulemaking, the Commission also sought comment on issues such as privacy guidelines, cost of compliance, and collections reporting.

The OCA submitted detailed Comments on the Proposed Rulemaking Order on April 19, 2017. The OCA's Comments sought to ensure that the regulations are internally

consistent, include clear definitions, reflect current technology, and provide customers with important protections. The OCA also addressed issues related to protecting customer privacy, suggested other sections that should be revisited, and proposed that a working group should be convened to address issues related to protections for victims of domestic violence. The matter was pending before the Commission at the end of the 2016-2017 Fiscal Year.

LIURP

Docket No. L-2016-2557886. On December 16, 2016, the Public Utility Commission issued a Secretarial Letter requesting comments regarding the scope of a future rulemaking to update the Commission's existing Low Income Usage Reduction Program regulations at 52 Pa. Code §§ 58.1- 58.18. The OCA filed Comments in January 2017 and Reply Comments in March 2017. The OCA identified in its Comments its support for the LIURP program and how the program assists low-income customers to conserve energy and reduce residential energy bills to decrease payment delinquencies and the costs of the Customer Assistance Programs. The OCA identified six preliminary areas that the Commission should consider in any LIURP regulation revisions: (1) LIURP funding; (2) needs assessment for both single-family homes and multi-family dwellings; (3) partnerships; (4) de facto space heating; (5) LIURP program eligibility; and (6) cost-effectiveness of LIURP. At the end of Fiscal Year 2016-2017, the matter was pending before the Commission.

Universal Service and Energy Conservation

Docket No. M-2017-2596907. On May 10, 2017, the Commission issued an Order for Review of Universal Service and Energy Conservation Programs. In its Order, the Commission identified the following categories for consideration: (1) program design; (2) program implementation; (3) program costs; (4) program cost recovery; (5) program administration; (6) program report; and (7) program evaluation. The Order also directed Law Bureau to prepare a Staff Report. At the end of Fiscal Year 2016-2017, the OCA was preparing Comments.

GENERIC PUC PROCEEDINGS: TELECOM

215/267 Area Code

Docket No. P-2016-2560129. Neustar LLC filed a Petition with the PUC on August 4, 2016, requesting area code relief in the form of an overlay for the 215/267 area code area. The PUC granted the Petition in November 2016. The OCA is monitoring the

transition, which should be smooth since the affected consumers are already subject to 10-digit dialing and familiar with area code overlays.

717 Area Code

Docket No. P-2015-2510230. Neustar LLC is the North American Numbering Plan Administrator. In October 2015, Neustar filed a Petition indicating that numbering resources for the 717 Area Code are expected to be exhausted during the third quarter of 2018. Neustar's Petition recommended Commission approval of an overlay of a new or additional area code for the geographic area covered by 717. In March 2016, the PUC entered an Order requesting comment on the NEUSTAR Petition and options for area code relief. The OCA filed Comments in May 2016 in support of a geographic overlay of a new area code, when in the future there is a need due to exhaustion of the 717 numbering resources. The OCA also emphasized the importance of consumer education in implementing any change. The OCA participated in the telephonic public input hearings. In November 2016, the PUC approved implementation of an overlay area code 223, with consumer education. On January 19, 2017, the Commission granted an industry-filed Petition for Reconsideration and modified the start date for the transition and education. The transition phase commenced in March 2017. Starting August 1, 2017, consumers in the 717 area code will need to dial 10 digits to complete all calls, whether local or toll. The OCA will monitor and assist with consumer education.

Access Charges

Docket No. M-2012-2291824. In November 2011, the FCC issued the Connect America Fund which drastically revised the framework for telecom carriers to pay one another for terminating intrastate telephone calls, among other major regulatory changes. The FCC's goal is for intrastate access rates to mirror the level of the carrier's interstate rates. The FCC's Connect America Fund Order (WC Docket No. 10-90) was upheld on appeal. (See below.) Starting in 2012, the PUC directed carriers to implement the rate reforms ordered by the FCC.

In Spring 2015, the PUC directed carriers to file tariffs and supporting documentation to implement Step 4 of the FCC's reform. In Spring 2016, the PUC directed carriers to file tariffs and supporting documentation to implement Step 5. As a result of the Step 5 and earlier changes, Incumbent Local Exchange Carrier (ILEC) terminating end office intrastate access rates should be in parity with the equivalent interstate rates and be at or below federal targets. The FCC mandated reductions to intrastate access rates are intended to increase competition and quality in toll service. The OCA continues to

monitor the access tariff filings by Pennsylvania carriers, with a focus on the ILECs that have an obligation to serve.

Lifeline

Docket No. P-2014-2421056. On May 13, 2014, Boomerang Wireless petitioned the Commission for designation as an Eligible Telecommunications Carrier to offer Lifeline service to eligible residential customers and obtain reimbursement for such discounts from the federal Universal Service Fund. The OCA's August 2014 Comments stated support for grant of the Petition, subject to clarification and conditions. For example, the OCA asked Boomerang to confirm that its Lifeline service and company-paid for wireless handsets would support text-to-911 communications. The Commission granted Boomerang's Petition on September 1, 2016, subject to these and other conditions.

Subsequently, Boomerang filed a notice, asking Commission approval of a proposed acquisition and transfer of Lifeline customers served by Budget Prepay, another wireless Lifeline ETC in Pennsylvania. Post-transfer, Boomerang would offer Lifeline customers 500 minutes per month of calling, 100 texts, and 10 Megabits of data usage, at no cost to the Lifeline customer. Boomerang filed updates in November 2016 and June 2017, describing additional Lifeline offerings. The OCA will continue to monitor these submissions.

Docket No. P-2016-2531610. IM Telecom d/b/a Infiniti Mobile filed a Petition for designation as an Eligible Telecommunications Carrier (ETC) to offer Lifeline service. Infiniti Mobile said Lifeline consumers could have a choice between a Lifeline service or apply the Lifeline discount to other retail offerings. The OCA filed Comments in April 2016 requesting clarification of a number of aspects of Infiniti Mobile's proposed service. The OCA noted that some Infiniti Mobile service plans cost less than the \$9.25 Lifeline discount, which could result in some of the Lifeline discount not being used to provide service. The OCA asked Infiniti Mobile to explain how a prospective Lifeline customer would know which underlying wireless network would serve them, so the consumer could make an informed decision whether to enroll with Infiniti Mobile. In May 2016, Infiniti Mobile filed Reply Comments and a supplement to its Petition which clarified some points and modified its Petition.

In September 2016, Infiniti Mobile filed a second supplement. The OCA continues to monitor this proceeding.

Public Utility Status

Docket No. M-2016-2517831. In January 2016, the Commission opened a proceeding to examine whether telecom carriers that deploy distributed antenna systems (DAS) to facilitate retail wireless service by commercial carriers are public utilities and so required under Pennsylvania law to obtain a certificate of public convenience. Certificated public utilities have the right of eminent domain and access to public right-of-ways. The Commission order identified questions of state and federal law and policy and requested public comment. The OCA filed Comments in April 2016. The OCA noted that, in concept, a telecom carrier offering use of its DAS to wireless carriers as a standalone service might be engaged in some form of wholesale Commercial Mobile Radio Service (CMRS) and so not be a public utility under Pennsylvania law. Based on OCA research, these telecom carriers routinely pair the receipt of wireless carrier's traffic at the DAS hub with transport over the telecom carrier's fiber network for hand-off to the next carrier. This combination of network services may fit the PUC's "competitive access provider" telephone utility category. The OCA reviewed the industry and local government Comments and did not file Reply Comments.

In March 2017, the PUC ruled that DAS are facilities used to provide wireless service and so the facilities and service are not eligible for issuance of a certificate of public convenience and the corresponding public utility right of eminent domain. The Order incorporated information from the OCA Comments. The Order establishes a period for PUC staff review of existing telecom certificates of public convenience, to determine whether revocation or modification is appropriate. Two telcos that operate DAS linked with fiber networks and hold current certificates of public convenience filed petitions for reconsideration. The PUC denied the petitions on May 4, 2017. Crown Castle filed an appeal of both orders. The OCA will monitor the appeal and related developments.

FEDERAL COMMUNICATIONS COMMISSION (FCC)**Business Data Services**

WC Docket Nos. 16-143, 15-247, 05-25. In May 2016, the FCC issued an order and Further Notice of Proposed Rulemaking directed at reforming its regulation and oversight of "business data services," (BDS) previously known as special access. BDS are those communications services and transport paths purchased by enterprises and wholesalers from incumbent local exchange carriers, competitive providers that combine fiber backbone networks and packet services, cable telephony providers, and others. In the May Order, the FCC committed to move away from various regulatory frameworks employed in the past that failed to promote competition and constrain the rates charged by ILECs. The FCC committed to move toward a framework based on

competition, technology neutrality, removal of barriers for modernization of old technologies to new Internet Protocol and packet based transmission, and forward looking.

In June 2016, the National Association of State Utility Consumer Advocates (NASUCA), of which the OCA is a member, filed Comments, with support from consultant Susan Baldwin. NASUCA urged the FCC to reduce, not just freeze, the BDS rates charged by ILECs, given the ILECs' dominance in their market areas and the importance of traditional DS1 and DS3 wholesale communications channels in the BDS marketplace. NASUCA supported the stringent market competition test proposed by the FCC.

Nationally, BDS is a \$40 billion market. NASUCA's goal is to reduce the rates for BDS where competition is not effective, for the ultimate benefit of consumers of retail telephone services or other services and goods such as banking that depend on efficient, low cost paths for data transmission and communications.

In April 2017, the FCC released a report and order which lifted price cap regulation of interstate rates for BDS provided by telecommunications carriers in areas subject to competition.

Net Neutrality

GN Docket No. 14-28, DC Circuit Docket No. 15-1063. The FCC released its Open Internet Order, also referred to as the FCC "Net Neutrality Order" in March 2015. The FCC Order reexamined the role of broadband internet access service providers in the role of transmitting communications. The FCC determined that such services should be classified as common carrier and telecommunications service under the federal Communications Act, instead of as less regulated information services, a position which NASUCA has long advocated. The FCC directed broadband service providers to not throttle or prioritize the flow of internet services, to protect the privacy of communications, and other requirements to promote an open internet. The FCC granted forbearance from some other regulatory obligations, such as rate regulation, that would otherwise apply to common carriers providing telecommunications services. The U.S. Telecom Association and others filed appeals. NASUCA, with the OCA as a member of the Telecommunications Committee, intervened in support of the FCC's Open Internet Order and joined in a brief in support. In June 2016, the U.S. District Court of Appeals for the D.C. Circuit upheld the FCC Open Internet Order as within the FCC's authority and discretion and consistent with prior appellate rulings.

The FCC has moved forward to implement the Open Internet Order, including consumer education. NASUCA monitors and participates in these efforts, such as the FCC's April

2016 recommendation that Broadband Internet Service Providers disclose speed and pricing information in a format similar to nutritional labels.

Universal Service Fund (USF)

The OCA monitors and works to improve at the state and federal level the efficiency and benefits for Pennsylvania consumers provided by the federal Universal Service Programs, with a focus on the High Cost/Connect America Fund support for telecom and broadband networks and the Lifeline program. In 2014, Pennsylvania received roughly \$214 million in federal USF support, including \$77.5 million for high cost and Connect America Fund support for voice and broadband networks. The FCC estimates that in 2015, residential consumers paid roughly \$3.00 per month to support the four federal USF programs: High Cost/Connect America Fund, Lifeline, Schools & Libraries, and Rural Healthcare.

GN Docket Nos. 09-29, 09-51, WC Docket No. 10-90. On November 18, 2011, the FCC released its Report and Order and Further Notice of Proposed Rulemaking (Connect America Fund Order). The FCC Connect America Fund Order modified significantly the availability and allocation of \$4.5 billion of high cost universal service support, by directing that a portion of the fund go to support build-out of wireless networks to offer broadband service (Mobility Fund) and to support construction and expansion of broadband service to unserved areas by wireline carriers (Connect America Fund). The FCC Order modified intercarrier compensation by eliminating state regulation of intrastate access charges. Instead, telecommunications carriers will eventually exchange traffic on a “bill and keep” basis or a zero rate. The FCC allowed Incumbent Local Exchange Carriers that experience a revenue loss due to the change in intercarrier compensation to make-up the loss from end users through an “access revenue charge” or ARC. The FCC Connect American Fund Order took effect on December 29, 2011. The Connect America Fund Order reserved some issues for further comment and rulemaking.

In March 2014, the FCC identified Pennsylvania carriers and unserved areas as eligible for roughly \$50 million in Phase II Connect America Fund support, subject to the carrier’s acceptance and commitment to extend broadband service over six years. Verizon North declined the Phase II support. In August 2015, the FCC approved the requests of Pennsylvania carriers Windstream, Fairpoint, Frontier, CenturyLink and Consolidated Communications to receive roughly \$28 million in annual Phase II support to expand broadband to unserved areas over six years.

Pennsylvania asked the FCC to distribute the \$23 million in annual Phase II support declined by Verizon North to other Pennsylvania broadband projects in the same

locales, so Pennsylvania is not harmed by Verizon North's business decision. In March 2017, the FCC ruled that Phase II support would be allocated through a nationwide reverse auction. The Pennsylvania PUC petitioned for reconsideration, asking the FCC to modify the weighting criteria to increase the possibility, through public-private initiatives, for declined funds to be awarded to that home state. OCA supports the PUC's efforts.

WC Docket No. 12-353, GN Docket No. 13-5, PS Docket No. 14-174, RM 11. The FCC opened a number of interrelated proceedings that bear directly on the ability of Pennsylvania and other consumers to receive quality voice telephone service over the public switched telephone network – and any successor network – that is reliable and universally available. Incumbent local exchange companies (ILECs) continue to modify their networks, retiring traditional copper facilities powered from a central office and replacing them with fiber connections. Some ILECs have asked the FCC to rule that the changes in network from copper to fiber networks and “Internet Protocol (IP)” based voice communications should result in reduced regulations and reporting requirements.

In July 2016, the FCC issued a Second Report and Order setting guidelines for what information must be provided when an Incumbent Local Exchange Carrier requests federal approval to discontinue the provision of retail telephone service. The FCC adopted a three prong “adequate replacement test” and provided a technical guide so the carrier could conduct testing and collect data to show, as part of the discontinuance application, that consumers have one or more alternatives for comparable telecommunications service. In October 2016, NASUCA petitioned for reconsideration, identifying a disparity between the policy and standards articulated in the Second Report and the appended technical guide. NASUCA also identified a need to strengthen the “adequate replacement test” to better reflect the end-to-end consumer calling experience. The NASUCA Petition is unopposed and pending before the FCC. NASUCA supported another party's Petition for reconsideration of the technical guide. The OCA assisted with the NASUCA filings. At the end of the 2016-2017 Fiscal Year, the NASUCA Petition for reconsideration was pending before the FCC.

WC Docket Nos. 11-42, 03-109. In April 2016, the FCC released its Third Report and Order outlining significant reforms to the Lifeline program. The FCC determined that Lifeline support, in delining amounts, would be available for voice services through 2021. Starting in December 2016, the FCC would allow Lifeline consumers to apply the \$9.25 per month support to broadband services, on a stand-alone basis or as part of a bundle of services. To encourage the participation of more broadband service providers, the FCC decided to create a federal “Lifeline Broadband Provider Designation.”

In July and August 2016, NASUCA answered and opposed certain petitions for reconsideration filed by the industry, and addressed issues raised by other commentors. NASUCA urged the FCC to preserve the obligations of Eligible Telecommunications Carriers to offer Lifeline, even if no parallel federal USF support for infrastructure is received. NASUCA supported the Pennsylvania Commission's request for clarification of the status and obligations of the new "Lifeline Broadband Providers." NASUCA supported reconsideration of the FCC's new rule which would restrict Lifeline consumers from switching to another Lifeline provider within a 12-month period. The OCA assisted with the NASUCA filings.

NARUC appealed the FCC's preemption of state authority in the Third Report and Order. NASUCA intervened in the appeal in July 2016. In December 2016, the appellate court denied the FCC's request for a stay. NASUCA filed its intervenor brief in February 2017, with assistance from OCA. The FCC, guided by a new chairman, asked and was granted remand from the court, to allow the FCC to reexamine the contested issue of the state's primary authority to designate eligible telecommunications carriers. At the end of Fiscal Year 2016-2017, the FCC had not taken further action to clarify or revise the prior Order regarding this state jurisdiction concern and to provide guidance to prospective providers of Lifeline broadband services.

WC Docket Nos. 17-84, 17-79. In April 2017, the FCC issued two Notices of Proposed Rulemaking inviting the public to identify obstacles to the deployment of wireline and wireless broadband and comment on the FCC's legal authority to reduce or remove regulatory obstacles, such as state or local laws. The NPRM focused on wireline issues (WC17-84) also proposed to roll-back consumer notice and other protections which the FCC had adopted in 2015 and 2016 regarding efforts by incumbent local exchange carriers to switch customers from copper network facilities to fiber facilities, where the ILECs have chosen to install fiber. In June 2017, NASUCA filed Comments citing the importance of preserving the protections for customers who are subject to the network change. NASUCA also opposed any efforts by the FCC to interfere with the role of states in assuring that consumers have at least one option for telephone service at reasonable cost and subject to quality of service standards. The OCA assisted with the NASUCA Comments and supporting declaration. At the end of the 2016-2017 Fiscal Year, the OCA prepared the NASUCA Reply Comments.

The efficient operation of the Lifeline universal service program is of vital importance to Pennsylvanians. The federal USF paid out \$1.56 billion in 2016 for Lifeline discounted service nationwide, in non-tribal areas. That amount included \$57.6 million for discounted Lifeline service to eligible Pennsylvanians. Other consumers support the federal Universal Service Fund through surcharges on interstate telephone services.

In June 2017, the General Accounting Office issued a report based its review of the federal management of the Lifeline program. The OCA and NASUCA are reviewing the report and will respond to any FCC initiatives that may follow.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

Jersey Central Power & Light Company, PJM Interconnection, LLC

Docket No. ER17-217. On October 28, 2016, PJM Interconnection, LLC (PJM), on behalf of Jersey Central Power & Light Company (JCP&L), filed an Application with the Federal Energy Regulatory Commission, requesting approval of a change in the revenue requirement used to establish the transmission rates charged for the JCP&L zone under the PJM Open Access Transmission Tariff. To accomplish this change in rates, JCP&L seeks Commission approval of a transmission forward-looking formula rate template and formula rate protocols, to become effective January 1, 2017.

On November 14, 2016, the Office of Consumer Advocate intervened to represent the interests of ratepayers in Pennsylvania. Pennsylvania ratepayers will be affected by approval of the Application because the rates established by the annual revenue requirement to be set by the formula rate filing are passed through to retail customers as part of the rates they pay for electric service.

On March 10, 2017, FERC accepted the Company's filing and suspended the rates for the maximum period of 5 months. FERC set all matters raised by the filing for hearings/settlement proceedings. At the end of the 2016-2017 Fiscal Year, the parties were participating in settlement conferences at FERC.

Mid-Atlantic Interstate Transmission, LLC

Docket No. ER17-211. On October 28, 2016, PJM Interconnection, LLC on behalf of Mid-Atlantic Interstate Transmission, LLC (MAIT), a newly-formed, stand-alone transmission company that was formed to acquire the transmission assets of Met-Ed and Penelec, filed an Application at FERC requesting approval of a new transmission formula rate and formula rate protocols, to become effective January 1, 2017. In its filing, MAIT sought to increase its revenue requirement to \$131 million and its transmission rates by 47%.

On November 9, 2016, the OCA filed a Motion to Intervene in MAIT's formula rate proceeding. On November 30, 2016, the OCA filed a Protest in opposition to MAIT's proposed formula rate. In particular, the OCA submitted in its Protest that MAIT's proposed formula rate may be neither just nor reasonable, and may result in excessive residential customer rates. The OCA identified several flaws in MAIT's Application,

including: (1) the proposed base Return on Equity (ROE) of 10.5% as well as the total ROE of 11% sought by Applicants is not just and reasonable and may produce rates which are unjust and unreasonable; (2) Applicants have failed to justify the proposed 50 basis point ROE adder; (3) Applicants have failed to provide adequate information necessary to conduct a thorough review and analysis of the Company's filing; (4) Applicants' proposed protocols are not just and reasonable; and (5) the filing raises a number of accounting issues that may produce rates that are unjust and unreasonable. In its Protest, the OCA requested evidentiary hearings on all issues, a maximum rate suspension period of five months, and for FERC to set an effective date for customer refunds (if rates are indeed found to be excessive).

On March 10, 2017, FERC accepted the Company's filing and suspended the rates for the maximum period of 5 months. FERC set all matters raised by the filing for hearings/settlement proceedings. At the end of Fiscal Year 2016-2017, the parties were participating in settlement conferences at FERC.

PECO Energy Co.

Docket No. ER17-1519. On May 1, 2017, PJM Interconnection, LLC, on behalf of PECO Electric, filed an Application at FERC requesting approval of a new transmission formula rate and formula rate protocols, to become effective July 1, 2017. In its filing, through a combination of the formula network transmission rate and the Monthly Deferred Tax Adjustment Charge, PECO sought an overall increase of approximately 12.4%.

On May 30, 2017, the OCA filed a Motion to Intervene in PECO's formula rate proceeding, as well as a Protest in opposition to PECO's proposed formula rate. In particular, the OCA submitted in its Protest that PECO's proposed formula rate may be neither just nor reasonable, and may result in excessive residential customer rates. The OCA identified several flaws in PECO's filing, including: (1) the proposed base Return on Equity (ROE) of 10.5% as well as the total ROE of 11% sought by Applicants is not just and reasonable and may produce rates which are unjust and unreasonable; (2) Applicants failed to justify the proposed 50 basis point ROE adder; and (3) Applicants failed to provide adequate information necessary to conduct a thorough review and analysis of the Company's filing. The OCA requested evidentiary hearings on all issues, a maximum rate suspension period of five months, and for FERC to set an effective date for customer refunds in the event that rates are indeed found to be excessive.

On June 27, 2017, FERC accepted the Company's filing and suspended the rates for the maximum period of 5 months. FERC set all matters raised by the filing for hearings/settlement proceedings. At the end of the 2016-2017 Fiscal Year, the parties were participating in settlement conferences at FERC.

Potomac-Appalachian Transmission Highline Co. (PATH)

ER08-386, ER12-2708. The PATH project is a proposed high voltage transmission line project that was seeking formula rates and incentive rate treatment at FERC. The OCA joined with a group of state consumer advocates in the PJM region to intervene in the proceeding. The consumer advocate group specifically objected to PATH's request for a return on equity of 14.3% when the 200 basis points of incentive adders are taken into account. FERC approved the 14.3% return on equity for the company without hearings. On March 31, 2008, the OCA joined with a group of state consumer advocates in filing a Request for Rehearing of this FERC Order. FERC granted the Request and agreed with the consumer advocate position that further hearings were necessary to determine a reasonable base return on equity.

FERC assigned the matter to a settlement judge. On October 27, 2011 a Settlement was achieved in this matter and approved by FERC, which resulted in the Company issuing a one-time refund of approximately \$2.7 million to customers within the PJM region and would have reduced the return on equity by 190 basis points, which would have saved PJM customers tens of millions of dollars in total costs over the expected life of the PATH Project. Mid-year, 2012, however, PJM determined that PATH was no longer necessary and cancelled the Project. On September 28, 2012, PATH filed for abandonment recovery of \$121 million at FERC.

The OCA joined with the original Joint Consumer Advocate (JCA) group to file a Motion to Intervene and Protest in this matter. On November 30, 2012, FERC issued an Order, holding that PATH is eligible to recover its prudently incurred costs, but agreed with the JCA that the Company had failed to support its request for the entire \$121 million.

On December 28, 2012, PATH filed a Request for Rehearing, arguing that it should be entitled to collect an additional 50 basis points for being a PJM member, even though it had no transmission facilities in service, and with the abandonment of its current \$2 billion project – will never have any. On January 14, 2013, the OCA, on behalf of the JCA, filed an Answer objecting to the Request because it would increase costs for PJM customers. The JCA submitted testimony and briefs providing that PATH's requested ROE of 10.4% is well overstated, and a more reasonable return under current market conditions is approximately 9.0%. The JCA testimony also challenged the prudence of PATH's outright purchase of large tracts of land, and its continued spending of large sums of money on the Project after December 2009, when revised sensitivity analysis done by PJM showed that the Project would either be suspended or delayed much farther into the future. Further, JCA challenged the excessive legal fees incurred by PATH and prudence of same.

The Initial Decision issued September 14, 2015 concluded that the applicants could recover certain legal fees, the applicants' purchase of property was prudent but losses sustained on sales of land purchased for the PATH Project were not recoverable, an appropriate ROE was 6.27%, and certain legal fees could be recovered. The OCA, as part of the JCA group, filed Exceptions and Reply Exceptions to various parts of the Initial Decision.

On December 17, 2015, the Commission issued an Order Denying PATH's December 28, 2012 request for rehearing on the issue of denying PATH the ability to recover a 50 basis point adder for RTO participation. The Commission's denial prevented PATH from recovering a significant additional amount of money from ratepayers.

FERC issued its Order on January 19, 2017. FERC overturned many of the initial rulings that were favorable to consumers. Specifically, it set PATH's ROE at 8.11%, allowed recovery of all legal fees and all land purchases and losses, and delayed the applicability of the lower ROE to the Order date – meaning PATH already collected the majority of its investment at the original 10.4% ROE. Savings from the lowered ROE amounted to approximately \$3 million. FERC ordered refunds amounting to approximately \$3.7 million for Pennsylvania ratepayers.

On February 20, 2017, the Company filed a request for reconsideration on several issues. At the end of the 2016-2017 Fiscal Year, the matter was pending before FERC.

Transource PA and Transource MD

Docket No. ER17-419. On November 28, 2016, Transource PA and Transource MD submitted proposed formula rates to FERC for transmission projects it plans to build in PA and MD. Transource filed for a 10.4% ROE; a 60/40 capital structure until project completion; a 50 basis point ROE adder for risk, a 50 basis point RTO participation adder, CWIP in rate base; abandonment recovery of all prudent costs in case of project cancellation; and the ability to adjust its formula rates going forward by making limited, single-issue filings. On January 31, 2017 FERC issued its initial Order. FERC denied the 50 basis point risk adder; the abandonment recovery was limited to only costs incurred after the Order date; and the single-issue rate filing proposal was denied. All other matters were set for hearing/settlement proceedings. On March 2, 2017, Transource filed a Request for Reconsideration on all 3 of the issues where FERC denied its proposals.

On March 6, 2017, the OCA submitted a late-filed Petition to intervene after the OCA became aware that not all of the project costs would be borne by out-of-state entities, but rather that PA ratepayers were to be assessed approximately 8.74% of the projects'

costs. The OCA was granted party status by FERC. Parties were participating in settlement conferences at FERC, at the end of the 2016-2017 Fiscal Year.

REGIONAL

PJM Interconnection LLC

As noted above, the OCA either individually or in a coalition with other state consumer advocates and parties representing the interests of electricity consumers, participated in a number of Federal Energy Regulatory Commission proceedings arising out of filings made by PJM or by PJM members regarding wholesale market issues. In addition, the OCA participates in the following PJM Committees and User Groups:

- **Members Committee** – This is the governing authority of the PJM stakeholder process. PJM’s members have substantial authority over the FERC-approved PJM Operating Agreement. All Committees, Subcommittees and Task Forces fall under the authority of the Members Committee. The OCA is a voting member of PJM but a special section of the Operating Agreement exempts the OCA and other state advocate offices from the financial liability shared by all other members.
- **Markets and Reliability Committee (MRC)** – This committee is responsible for developing and forwarding to the Members Committee all proposals falling under either the PJM Tariff or the Operating Agreement. The work is done through the Market Implementation Committee, Planning Committee and Operating Committee. The MRC also resolves significant disagreements that cannot be handled through the subsidiary committees. Finally, the MRC is responsible for final approval of detailed, operational Business Rules that specifically implement provisions of the Tariff and Operating Agreement.
- **Market Implementation Committee (MIC)** – The MIC is responsible for developing policies and solutions related to PJM’s markets. Development is frequently done by task forces created by the MIC. Preparation of final recommendations for the MRC is done by the MIC.
- **Transmission Expansion Advisory Committee (TEAC)** – The TEAC reviews the current state of transmission expansion for reliability and economics. The TEAC is responsible for providing comments to the Board regarding the impacts and advisability of transmission projects.
- **Public Interest / Environmental Organizations Users Group (PIEOUG)** – The PIEOUG consists of state consumer advocates and environmental organizations.

The PIEOUG exists to convey the specific concerns of its members to the PJM Board and to PJM's senior management. The PIEOUG meets annually with the PJM Board to present concerns and discuss the Board's plans. There are periodic meetings with PJM management designed to inform the PIEOUG members about current issues.

- Finance Committee (FC) – The FC reviews PJM's consolidated financial statements, budgeted and actual capital costs, operating budgets and expenses, and cost management initiatives and in an advisory capacity submits to the PJM Board its analysis of and recommendations on PJM's annual budgets and on other matters pertaining to the appropriate level of PJM's rates, proposed major new investments and allocation and disposition of funds consistent with PJM's duties and responsibilities as specified in the PJM Operating Agreement. An OCA staff person was elected to serve a three-year term as an End Use Customer representative on this Committee in 2015.
- Liaison Committee – This committee serves to foster better communications between the PJM Board of Managers and PJM Members. Meetings are held three to four times per year and are attended by the full PJM Board and by representatives of each of PJM's five stakeholder sectors. The OCA participates periodically as a representative of the End Use Customer Sector.

CONSUMER AND LEGISLATIVE OUTREACH

Testimony, Presentations and Speaking Engagements

Acting Consumer Advocate Tanya McCloskey, Consumer Liaison Heather Yoder, and other members of the OCA Staff participated in the following public forums during the last Fiscal Year:

7-12-16	Senior Expo sponsored by Senator Don White and Representative Eric Nelson	Delmont, PA	Staff an exhibitor's booth, answer questions and distribute materials
7-13-16	8 th Annual Kidz Fair sponsored by Representative Peter Daley	Brownsville, PA	Staff an exhibitor's booth, answer questions and distribute materials
7-25-16	Senior Expo sponsored by Representative Carl Walker Metzgar	Somerset, PA	Staff an exhibitor's booth, answer questions and distribute materials

7-30-16	Community Day sponsored by Senator Rob Teplitz	Harrisburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-4-16	Drake Crossing Community	Clarion, PA	Presentation on Electric Shopping
8-5-16	Seventh Annual Nifty Sixty Baby Boomer Expo sponsored by Representative Donna Oberlander	Clarion, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-10-16	Senior Expo sponsored by Senator Jake Corman	Lewistown, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-10-16	Senior Expo sponsored by Representative David Millard	Bloomsburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-12-16	Senior Expo sponsored by Representative Martin Causer	Bradford, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-17-16	Pennsylvania House Consumer Affairs Committee	Waynesburg, PA	Provided comments on Broadband Internet Service
8-18-16	Community Action Committee of the Lehigh Valley (CACLV)	Bethlehem, PA	Discussion of electric shopping issues that relate to CACLV clients
8-23-16	Senior Expo sponsored by Representative R. Lee James	Franklin, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-31-16	Senior Expo sponsored by Senator Don White, Representative Jeff Pyle and Representative Donna Oberlander	Kittanning, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-8-16	Senior Expo sponsored by Senator John Yudichak and Representative Doyle Heffley	Jim Thorpe, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-8-16	Senior Expo sponsored by Representative Tarah Toohil	Hazleton, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-9-16	55+ Senior Expo sponsored by Senator Elder Vogel, Jr.	Monaca, PA	Staff an exhibitor's booth, answer questions and distribute materials

9-9-16	4 th Annual Senior Health Fair sponsored by Representative Patty Kim	Harrisburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-9-16	Senior Expo sponsored by Representative Mike Tobash	Pine Grove, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-9-16	Senior Expo sponsored by Representative Dan Deasy	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-9-16	Senior Expo sponsored by Representative Todd Stephens	Montgomeryville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-13-16	Senior Expo sponsored by Senator Gene Yaw and Representative Garth Everett	Pennsdale, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-14-16	Jeanette Area Senior Citizens	Jeannette, PA	Presentation on Electric Shopping
9-15-16	Senior Expo sponsored by Representative Parke Wentling	Girard, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-15-16	Ridgewood Greene Community	Reynoldsville, PA	Presentation on Electric Shopping
9-16-16	Senior Expo sponsored by Representative Julie Harhart	Cherryville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-16-16	Senior Expo sponsored by Senator Randy Vulakovich and Representative Hal English	Allison Park, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-16-16	Senior Expo sponsored by Representative Martin Causer	Kane, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-22-16	Senior Expo sponsored by the Southwestern Pennsylvania Area Agency on Aging and co-hosted by Senator Camera Bartolotta, Representative Brandon Neuman, and the Washington County Commissioners	Washington, PA	Staff an exhibitor's booth, answer questions and distribute materials

9-22-16	Senior Expo sponsored by Representative Leanne Krueger-Braneky	Brookhaven, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-23-16	Senior Expo sponsored by Representative Sue Helm	Harrisburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-23-16	Senior Expo sponsored by Representative Thomas Murt	Huntingdon Valley, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-23-16	11 th Annual Senior Fair sponsored by Representative Rob Kauffman	Chambersburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-29-16	Senior Fair sponsored by Representative Dom Costa	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-29-16	The Smart Grid Consumer Education Symposium	Philadelphia, PA	Panel on Stakeholder Relations
9-30-16	Flu/Pneumonia Shot & Senior Clinic sponsored by Senator Wayne Fontana	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-6-16	Senior Expo sponsored by Representative Mark Keller	Newport, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-6-16	Senior Expo sponsored by Representative Sue Helm	Halifax, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-7-16	Senior Expo sponsored by Representative Martin Causer	Roulette, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-7-16	Senior Expo sponsored by Senator John Sabatina	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-13-16	Senior Expo sponsored by Senator Kim Ward	Greensburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-13-16	9 th Annual Senior Expo sponsored by Representative Bill Kortz	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials

10-13-16	Luzerne County Senior Expo sponsored by Senator John Yudichak, Senator Lisa Baker and Representative Aaron Kaufer	Kingston, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-13-16	Senior Expo sponsored by Senator Christine Tartaglione	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-14-16	Senior Expo sponsored by Representative Eli Evankovich	Lower Burrell, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-20-16	Be Utility Wise	Wilkes Barre, PA	Presentation on the role of the OCA and the OCA complaint process
10-20-16	Senior Expo sponsored by Senator Don White, Representative Dave Reed and Representative Cris Dush	Indiana, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-21-16	Veteran-Senior Fair sponsored by Representative Tim Mahoney	Uniontown, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-21-16	Senior Citizen Wellness Expo 2016 sponsored by Senator Guy Reschenthaler and Representative Mark Mustio	Moon Township, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-21-16	Senior Expo sponsored by Senator Tom Killion	Media, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-27-16	Twentieth Anniversary of Retail Competition in Pennsylvania	Hershey, PA	Panelist: Current Issues
10-27-16	Senior Expo sponsored by the Salvation Army	Waymart, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-27-16	Senior Expo sponsored by Representative Ronald Marsico	Hershey, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-28-16	Be Utility Wise	Johnstown, PA	Presentation on the role of the OCA and the OCA complaint process

10-31-16	2016 Berks BeWise	Reading, PA	Participant in the consumer fraud protection panel Staff an exhibitor's booth, answer questions and distribute materials
11-15-16	Be Utility Wise	Harrisburg, PA	Presentation on the OCA and how to "Be Wise" when shopping for electricity
11-18-16	Senior Health Expo sponsored by Representative Mike Driscoll	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
1-5-17	National Council on Electricity Policy Experts Roundtable: Applying Valuation to Baseload	Baltimore, MD	Panelist: Valuation Pricing: What Do We Actually Pay For?
1-24-17	National Association of Water Companies (NAWC) Staff Water Policy Forum	New Orleans, LA	Panelist: Emerging Issues in the Water Industry
2-13-17	National Association of Regulatory Utility Commissions (NARUC) Winter Meeting	Washington, DC	Panelist: Water Infrastructure Replacement: How Does It Get Paid For?
3-24-17	Senior Expo sponsored by Representative Scott Petri	Ivyland, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-7-17	Spring Senior Fair sponsored by Representative Daniel McNeill and Senator Lisa Boscola	Bethlehem, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-11-17	Senior Expo sponsored by Representative Rick Saccone and Senator Guy Reschenthaler	Bethel Park, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-11-17	Senior Citizen Expo sponsored by Senator Charles McIlhinney, Jr.	Levittown, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-11-17	NAWC Commissioner Water Policy Forum	Charleston, SC	Panelist: Emerging Issues in the Water Industry

4-26-17	House Consumer Affairs Committee	Harrisburg, PA	Testimony regarding House Bill 107 – cost recovery for extending natural gas service
5-4-17	Senior Citizen's Expo sponsored by Representative Daryl Metcalfe	Cranberry Township, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-17-17	Senior Expo sponsored by Senator Don White and Representative Eric Nelson	Delmont, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-18-17	24 th Annual Health, Wellness & Safety Fair sponsored by the PA Department of Military and Veterans Affairs	Annaville, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-19-17	Senior and Disability Resource Expo sponsored by Senator Randy Vulakovich	Springdale, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-19-17	Spring Senior Fair sponsored by Representative Peter Schweyer and Representative Mike Schlossberg	Allentown, PA	Staff an exhibitor's booth, answer questions and distribute materials
6-1-17	Pennsylvania Public Utility Law Conference	Harrisburg, PA	Panel addressing DEP and PUC jurisdiction regarding water quality and the OCA's role
6-15-17	Senior Expo sponsored by Representative Jeff Wheeland	Williamsport, PA	Staff an exhibitor's booth, answer questions and distribute materials

Social Media Outreach

In an effort to increase our visibility and enhance our education and outreach efforts, the OCA launched on social media platforms, Twitter and Facebook, in the first quarter of 2017. Since we launched, we gained 86 Followers on Twitter and posted 189 Tweets. On Facebook, we gained 13 Followers and posted 141 times.

Call Center

The OCA's toll free number – **800-684-6560** – was implemented in the year 2000, to aid consumers who have questions about or problems with their utility service. The OCA's consumer service representatives staff the toll free number Monday through Friday. The toll free number with consumer service representatives is another way to expand our outreach to all Pennsylvania utility consumers on the continuing changes in utility regulation.

During Fiscal Year 2016-2017, we had a total of **9,576** consumer contacts in the Call Center, including requests for shopping guides, phone calls, letters and emails.

Summarized here are examples of our assistance to individual consumers:

A consumer brought to our attention that an electric generation supplier (EGS) failed to provide the required second renewal notice and as a result, his contract lapsed and he paid a higher variable rate. The EGS admitted this oversight, readjusted the rate and provided a refund to the consumer. We asked the EGS to review its records and identify other customers who may not have received the second notice and unknowingly paid a higher variable rate. As a result of their review, the EGS identified 1,383 customers who were impacted and they made a commitment to notify these customers and make appropriate adjustments if they were billed at a higher variable rate.

We assisted a consumer with a high bill dispute. She contacted her electric company to have the meter checked and they determined the usage was correct. We contacted the Company on the consumer's behalf. Through that contact, we discovered the consumer was on a variable rate with an EGS which caused her bill to double. We were able to help the consumer get the supplier contract canceled and transfer back to default service.

We assisted a consumer who was having trouble getting electric service in her name due to an outstanding balance. She had been homeless and was struggling to get back on her feet. We contacted the electric company on her behalf. They allowed her to make a small payment to get the service turned on and they helped her enroll in the company's customer assistance program (CAP). The entire outstanding balance was placed in CAP pre-program arrears for possible forgiveness if future CAP payments are made timely.

We assisted a consumer who was facing termination of their electrical service. The consumer tried to work with the Company but was unable to pay the full amount the Company requested to stop the termination. We contacted the Company on the consumer's behalf. We were able to negotiate a smaller payment to stop the termination and the Company set up an arrangement for the remaining balance to be paid.

We assisted an elderly couple who had been without phone service for two weeks. They reported the outage to the Company but they were not responsive. We contacted the Company on the consumer's behalf and they had the service restored the next day. They also gave the consumers credit for the time they were out of service.

We assisted a consumer whose electric service was terminated. The consumer broke her PUC agreement and the company would not make another payment agreement with her. We contacted the Company on the consumer's behalf. The Company agreed to turn the service on and re-start the prior agreement.

We assisted a consumer who was sold a plan from an electric generation supplier (EGS). The EGS door to door salesman guaranteed the rate would always be less than the electric distribution company's price to compare (PTC). When the customer received her first bill she was charged more than the PTC. She called the EGS and cancelled the service but was charged an early cancellation fee. We contacted the Company on the consumer's behalf and the Company agreed to waive the early cancellation fee.

A consumer brought to our attention that an electric generation supplier (EGS) salesman was going door to door in his neighborhood claiming that he worked for the electric distribution company. We brought this matter to the attention of the PUC's Office of Competitive Market Oversight who contacted the EGS. The EGS identified the agent involved and addressed the problem with him directly. In addition, the EGS will conduct a general retraining of its agents regarding PUC regulations.

We assisted a consumer enrolled in her gas company's customer assistance program. The program requires her to recertify every year but when she sent in the necessary paperwork it did not get processed timely. This caused her to be removed from the program and be charged the full rate rather than the discounted rate. We contacted the Company on her behalf. They apologized for the delay and assured us it would not happen again. They activated the agreement, cancelled out the current bill and rebilled her using the discounted rate.

We assisted a consumer who was facing termination of his electric service. The Public Utility Commission was unable to take the case due to prior broken payment arrangements, and the Company wanted the bill paid in full. We were able to find a local organization that provided a hardship grant which covered half of the outstanding bill. We then negotiated a Settlement with the Company to restore the service and make a payment agreement for the remaining balance.

We assisted a consumer who was switched to an electric generation supplier (EGS) without his consent. He contacted the EGS but they refused to cancel the service. We contacted the EGS on his behalf. They agreed to cancel the service and waive any early cancellation fees.

We assisted another consumer who negotiated a contract renewal with her EGS only to be billed at a variable rate rather than the fixed rate she agreed to. The Company said they had no record of her renewal but as a courtesy agreed to put her on a fixed rate plan. In addition, they refunded her the difference she paid between the variable rate and the fixed rate.

We assisted a telephone consumer who had fiber service installed at her home. As part of the installation, the Company installed a battery backup despite the customer telling them she did not want it. She contacted the Company after the installation and they wanted to charge her \$70 to remove the battery. We contacted the Company on the customer's behalf. They admitted their mistake, removed the battery and waived the fee.

We assisted a consumer whose electric service was terminated after having several broken payment agreements. The Company wanted payment in full to restore the service. We were able to assist the consumer in getting a hardship fund grant to help restore service. The Company agreed to accept the grant for half of the bill and put the customer back on a payment agreement. We were also able to get the customer enrolled in the Company's Customer Assistance Program to help reduce future costs.

We assisted a consumer who was having a billing issue with her telephone company. She was promised a price for bundled service (including tax and wire maintenance) but was not billed at that price. The consumer made several calls to the company but was unable to resolve the issue. We contacted the Company on the consumer's behalf. The Company corrected the billing and credited the consumer for the erroneous charges.

We assisted a consumer who submitted an application for a payment assistance program through her telephone company but had not gotten a response. We contacted the Company on the consumer's behalf. They said the application had been cancelled due to an untimely response by the consumer. The Company reached out to the consumer and was able to assist her with the application process.

SERVICE TO PENNSYLVANIA AND THE NATION

Participation in NASUCA and in Other Consumer Interest Organizations

On the national level, members of the OCA staff continued to serve in leadership positions with the National Association of State Utility Consumer Advocates. NASUCA has members from more than 40 states and the District of Columbia and provides valuable input on consumer utility issues.

- Acting Consumer Advocate Tanya McCloskey participates on the Executive Committee.
- Senior Assistant Consumer Advocate Christine Maloni Hoover and Senior Assistant Consumer Advocate Erin Gannon participate in the Water Committee.
- Assistant Consumer Advocate Barrett Sheridan is part of a five member steering group that directs the work of the NASUCA Telecommunications Committee.
- Assistant Consumer Advocate Christy Appleby and Consumer Liaison Heather Yoder participate in the Consumer Protection Committee.
- Assistant Consumer Advocate Christy Appleby and Senior Assistant Consumer Advocate Aron Beatty participate in the Gas Committee.
- Acting Consumer Advocate Tanya McCloskey and Assistant Consumer Advocates David Evrard and Candis Tunilo participate in the Electric Committee.
- Acting Consumer Advocate Tanya McCloskey and Regulatory Analyst Ashley Everett participate in the Tax and Accounting Committee.

Additionally, OCA staff members serve in an advisory role on committees at the federal level.

- Acting Consumer Advocate Tanya McCloskey and Assistant Consumer Advocate David Evrard represent the OCA on the following PJM committees or groups: Members Committee, Markets and Reliability Committee, Market Implementation Committee, Transmission Expansion Advisory Committee, Regional Planning Process Working Group, Public Interest/Environmental Organizations Users Group, Finance Committee, and the Liaison Committee.

- Acting Consumer Advocate Tanya McCloskey participates on the Executive Committee of the National Council on Electricity Policy.
- Assistant Consumer Advocate Barrett Sheridan is the lead NASUCA representative on the Lifeline Across America Working Group, a joint effort with the Federal Communications Commission and National Association of Regulatory Utility Commissions. Ms. Sheridan also serves as a member of the advisory staff for the Consumer Representative on the Federal-State Joint Board for Universal Service which advises the FCC.
- Senior Assistant Consumer Advocate Darryl Lawrence was elected to serve a fourth term as a small consumer representative on the Planning Committee of the North American Electric Reliability Corporation (NERC).
- Senior Assistant Consumer Advocate Christine Hoover was appointed to the Water Research Foundation's Public Council.

In Pennsylvania, the OCA represents the interests of consumers on a number of different boards and projects.

- Acting Consumer Advocate Tanya McCloskey serves on the Board of the Pennsylvania Sustainable Energy Fund, serves as the OCA's representative on the Pennsylvania Energy Development Authority Board of Directors, and represents the OCA on the Department of Human Services LIHEAP Advisory Committee.
- Assistant Consumer Advocate Barrett Sheridan represents the OCA on the 911 Task Force, a joint effort between the PUC, PEMA, and members of the Public Safety community
- Senior Assistant Consumer Advocate Christine Hoover represents consumer interests in issues related to water systems. She and Regulatory Analyst Ashley Everette serve as members of the PUC's Small Water Company Task Force. Ms. Hoover also serves on the Technical Assistance Center (TAC) for small water systems. TAC's role is to provide advice to the Department of Environmental Protection (DEP) on small water system issues and to help coordinate activities among various agencies and organizations affecting small water systems. Ms. Everette and Senior Assistant Consumer Advocate Erin Gannon are alternates.

The OCA staff has also shared its expertise with other state agencies, consumers, and industry representatives at conferences and training programs.

OCA STAFF

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Erin L. Gannon
Christine Maloni Hoover
Darryl A. Lawrence

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Consumer Service Representatives